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Summary of Developments in Major Problems of United States Foreign Policy

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The general outline of the Summary is keyed to the outline in Part III of "Major Problems of the United States Foreign Policy, 1947—A Study Guide." Variations in this outline may occur from time to time with changes in the course of current history and the resultant shifts in the problems confronting the United States. Any major variations of this kind will be noted in the Introduction to each issue of the Summary.

The material in this Summary is based on publicly available official documents bearing on the events recorded and on information contained in selected American and foreign newspapers. Every effort is made to verify the accuracy of the statements made.

This publication is a part of a broad program of research and education in international relations, recently inaugurated by the Brookings Institution and focused on the current foreign policies of the United States. The program is being undertaken by the staff of the Institution's International Studies Group. The Summary is prepared by Jeannette E. Muther assisted by Constance G. Coblenz, Marie J. Thresher, Frances M. Shattuck, Tatiana Buzanova, and Maxine Lybarger, under the guidance of the principal members of the research staff.

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OUTSTANDING DEVELOPMENTS OF THE MONTH

Developments during November in the major problems of United States foreign policy must be viewed against a background of three important statements of foreign policy made during the month. Following up the policies declared in October at the time of the organization of the "Cominform," Soviet Foreign Minister Molotov made a lengthy review of Soviet foreign policy in a speech in Moscow on November 6, the eve of the thirtieth anniversary of the 1917 revolution, in which he called for the "uniting of all forces of the anti-imperialist and democratic camp in Europe and beyond Europe, so that an insurmountable barrier shall be created against imperialism ... and ... its new policy of aggression." Nearly two weeks later at the opening of the special session of the Congress on November 17, President Truman personally delivered a special message, in which he set forth his recommendations for United States policy and action in light of the fact that, as he put it, "The future of free nations in Europe hangs in the balance." The next day in a speech at Chicago, Secretary of State Marshall reviewed at some length the major aspects of Soviet-American relations, especially as they concern "the revival of the European community and the peace settlements with Germany and Austria." The views that were expressed in these three statements with regard to the major problems of United States foreign policy are contained in this Summary in the Sections devoted to the problems concerned.

Special Congressional action began on November 17 on an interim program to aid Europe immediately and on eventual longer-range United States participation in a European recovery program implementing the Marshall plan. To aid Congressional consideration of the problem, and as further reports in the series that began with the release of the Krug report during October, three other special reports appeared in November. The first of these was the Nourse report, made at the opening of the month, which dealt with the impact on the American economy of a European aid program; the second was the Harriman report, made on November 7, which set the limits within which the United States could safely and wisely extend aid to Europe; and the third was the Herter report, released on November 13, of a special committee of the House of Representatives, designed to assist the Congressional appropriations committees in considering foreign aid requests.

In line with the observations contained in these reports, Secretary of State Marshall, in his appearance on November 10 before a joint meeting of the Senate and House committees concerned with foreign affairs, set a figure of almost $600,000,000 for American interim aid to Europe, most of which would be for France and Italy. Also he tentatively estimated the longer-range program of United States financial aid to Europe to be of the magnitude of 16 to 20 billion dollars. More exact estimates of the longer-range program, however, awaited President Truman's recommendations in the matter to the Congress, which had not yet been made by the end of the month.

Concurrently with the beginning of Congressional consideration of foreign aid requests, wide-spread strikes and civil disorders inspired

by the Communists broke out in both France and Italy. In France, these eventually led to the fall of the Ramadier Cabinet on November 20 and the formation of a new cabinet under Robert Schuman two days later. While the de Gasperi Cabinet appeared to be surviving in Italy, there were rumors of an impending Communist coup d'état.

Two international meetings of major importance opened and one closed during the latter part of the month.

The Conference on Trade and Employment, convened to consider the adoption of a Charter for an International Trade Organization, opened in Havana on November 21. Opening of this meeting followed by four days the public release of the text of the General Agreement on Tariffs and Trade, which twenty-three nations had signed in Geneva at the end of October.

The London meeting of the Council of Foreign Ministers opened on November 25, and had been preceded by a three-week session of the Deputies which was marked by protracted wrangling. Pessimism regarding progress in effecting the German and Austrian peace settlements at the London meeting began to grow following Soviet Foreign Minister Molotov's violent attack, in one of the opening sessions, on the western powers for pursuing a policy in the German settlement which he claimed might lead to a Third World War.

The second regular session of the United Nations General Assembly finally adjourned in New York on November 29. In eleven weeks the Assembly had, with varying degrees of success, dealt with a broad range of problems. From the political standpoint, the most important among these were the Greek situation, the independence of Korea, the partition of Palestine, and the establishment of the Interim Committee. Assembly action on the latter three problems was completed during November. Proposed modification of the veto, another major point on the Assembly's agenda, was referred, however, to the Interim Committee for consideration and recommendation.

* * * * * *

This issue of the Summary contains a new feature. A brief listing of the principal official documents published during November and bearing on the major developments recorded for the month is included for reference purposes as an Appendix. Such a list covering the major documents appearing each month will also be included hereafter in all succeeding issues of the Summary. Some of the more important documents previously issued that also bear on the problems covered in the Summary appear in the Appendix of "Major Problems of United States Foreign Policy--1947" to which these lists will be supplements.

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I. PROBLEMS OF THE PEACE SETTLEMENTS

The divergence of views as between the United States and the Soviet Union on the central issue of the peace settlements was clearly illustrated again in two official statements made during November. On November 6, the eve of the thirtieth anniversary of the 1917 revolution, Soviet Foreign Minister Molotov made a major statement on Soviet foreign policy in Moscow during which he said:

"Today the ruling circles of the U.S.A. and Great Britain head one international grouping, which has as its aim the consolidation of capitalism and the achievement of the dominations of these countries over other peoples. These countries are headed by imperialist and anti-democratic forces in international affairs, with the active participation of certain Socialist leaders in several European states.

"The policy of the Soviet Union is based on opposite principles, on the principle of respect for the sovereignty of all states, big and small, on the principle of non-intervention in the internal affairs of other states. ...

"The Soviet Union, in common with other democratic states, stands for peace and international collaboration on democratic principles. Under present conditions, this demands the uniting of all forces of the anti-imperialist and democratic camp in Europe and beyond the boundaries of Europe, so that an insurmountable barrier shall be created against imperialism, which is becoming more active, and against its new policy of aggression. ..."

Almost two weeks later, U. S. Secretary of State Marshall in a major speech made at Chicago on November 18 presented the American view of the situation. Secretary Marshall said in part:

"Europe, or what through centuries has been known as Europe, is a community of nations which, despite racial and religious differences, commercial rivalries and sporadic internecine wars, has developed governmental procedures and an advanced civilization. We are a part of that civilization. Our national traditions--the foundation on which our entire civilization rests--find their counterpart, if not their origin, in some part of this European community. ...

"Due to the Nazi attempt to subjugate the entire European community, Europe was plunged into a great war. The central question that arose at the end of this war was in effect what was to be the future of this European community. Was it to be restored to a position of stability so it could work out its own problem, or was it to be kept in a state of permanent dependency and eventual absorption into a system alien to its traditions and civilization?

"It is generally recognized that the major responsibility for finally crushing nazism devolved upon three Powers, none of which can

be strictly classed as a continental European state. The efforts of two of these Powers have been consistently directed since the military victory toward the restoration of the European community to its former status. They have been so directed partly out of compassion but primarily, I think, because they recognized the historical fact that a revived, revitalized Europe is necessary to a peaceful and prosperous world order. ...

"Unfortunately, it has become apparent that the third Great Power which contributed so much to the common victory evidently does not share that purpose. For reasons that are still obscure, it is endeavoring apparently to prolong the present unsatisfactory state of affairs indefinitely. If this purpose prevails, obviously the prosperous European community we knew before the war cannot be re-established within the foreseeable future.

"This brings me to an important conclusion. It is this divergence of purpose concerning the future of Europe which is the cause of many of the present differences between the United States and Soviet Russia. The divergence is not due to any direct clash between the national interests of these powers.

"It is my belief that if Europe is restored as a solvent and vigorous community, this issue will have been decided and the disturbing conflict between ourselves and the Soviets, in so far as Europe is concerned, will lessen."

A. PEACE SETTLEMENT NEGOTIATIONS

1. Germany

Meeting of Foreign Ministers' Deputies

Deputies to the Foreign Ministers of the United States, Great Britain, the Soviet Union, and France began a series of meetings in London on November 6 to settle certain questions preparatory to the Foreign Ministers' Conference which was to open on the 25th. The British representative proposed at the first meeting that the following three matters, referred to them at the conclusion of the Moscow Conference, should be discussed.

1. How the smaller Allied nations could participate in the making of the German peace treaty.

2. Establishment of a provisional political regime in Germany and determination of its functions.

3. Compensation to United Nations citizens for property earmarked for reparations.

All the deputies agreed to discuss the first two items, but the Soviet representative could not be convinced that the third issue had in

fact been referred to them by the Foreign Ministers. A proposal by the three Western Powers that the agenda for the Foreign Ministers' meeting should also be discussed received Soviet approval on the 10th.

At the end of three weeks, however, the Deputies had not agreed on any of the above problems and had not only failed to produce an agenda for the Foreign Ministers' meeting but had even found themselves unable to draw up a joint report of their disagreements.

The first question discussed was procedure in connection with the German peace treaty--it becoming immediately apparent that there was the same wide cleavage of views between the delegations as there had been at Moscow. The Soviet Union, supported by France, held out for the inclusion of Albania among the powers taking part in the preparation of the treaty; the United States and Great Britain refused. The Soviet Union proposed that "the German Government ... be given an opportunity of stating its view at the conference." The Western Powers, while agreeing that if a German government existed it should be heard, argued that a peace treaty should not await the formation of a government. They also supported the inclusion of China among the convening powers; the Soviet Union opposed this on the ground that China did not take part in the act of surrender. The United States advocated the participation in the peace conference of all fifty-five countries which had been at war with Germany, while the Soviet Union maintained that the conference should be composed of the Big Four and the nations which had actually used their armed forces against Germany or were neighbors of Germany.

The Deputies turned on the 10th to a discussion of the agenda for the Big Four conference, the Soviet Union presenting a proposal to include five topics, in the following order:

1. Procedure for preparation of the German peace treaty.

2. Form and scope of a provisional German political organization.

3. Report of the Control Council for Germany on implementation of the decisions of the Moscow session of the Council of Foreign Ministers with regard to the question of demilitarization.

4. Economic principles, level of postwar industry and plan of reparations.

5. Report of the Commission on an Austrian treaty.

The three Western Powers urged that the Austrian treaty question should be given priority, but they failed to move the Soviet delegate from his position that the German settlement was of greater importance and should therefore be dealt with first. The Western Powers also proposed that the four-power disarmament and demilitarization treaty should be placed on the agenda, the British representative declaring it to be of "utmost importance" and the "best possible guarantee that Germany will never again be a menace to the world." However, in spite of repeated efforts, the agreement of the Soviet Union could not be obtained to this proposal.

A discussion as to the form and scope of a provisional German government revealed that the four Powers were no nearer agreement than they had been at Moscow, the Soviet Union still insisting on a strongly centralized government, while the other three Powers desired varying degrees of decentralization.

Several days of argument failed to move the Soviet Union and on the 18th the United States suggested that two agendas be submitted to the Foreign Ministers' Council, that of the Soviet Union and another agreed upon by the three Western Powers and providing for discussion of the following topics:

1. Report of the Austrian Peace Treaty Commission.

2. Economic principles, including the level of postwar German economy and reparations.

3. Form and scope of provisional political organization of Germany.

4. Procedure for a German peace treaty.

5. The United States draft of a disarmament and demilitarization treaty and other questions relating to security.

6. The frontiers of Germany.

However, after further argument, resulting from the Soviet Union's reluctance to appear responsible for the breakdown, it was decided that each of the four Deputies should submit to the Foreign Ministers a separate report on the proposed agenda.

Positions of Four Powers on Eve of London Conference

Meanwhile, the likely positions that each of the four major powers would take at the London meeting of the Council of Foreign Ministers were being set forth in a series of public statements by responsible officials of the governments concerned.

Statements by Lord Pakenham, Minister in control of British occupation affairs in Germany, and Foreign Secretary Bevin, indicated that, should the Foreign Ministers' Council fail to reach a settlement, the British were prepared to adopt alternative measures.

Speaking in the House of Lords on November 12, Lord Pakenham said that the British "stood for the economic unity of Germany" but that "if agreement [could] not be reached on this basis, no doubt other political and economic expedients [would] have to be introduced. The present state of things [could] not go on indefinitely." In the House of Commons on the same day, Foreign Secretary Bevin declared that it would be necessary to occupy Germany for "another five years."

Three days later, while addressing a meeting of the Transport and General Workers' Union at Bristol, Bevin stressed the importance of

trying to reach a settlement at the impending meeting of Foreign Ministers. "I hope," he said, "that all of us will meet in possession of knowledge in this the almost last chance of getting an agreement," but he added: "If the people will not come to an agreement, I am not going to be a party to keeping the world in chaos."

The official United States position was stated on November 18 by Secretary of State Marshall in his address in Chicago in which, among other points, he laid down the main lines of the policy which the United States intended to pursue toward settlement of the German question. His statement on this point was as follows:

"The problem of restoring the European community inevitably raises in acute form the problem of Germany. The restoration of Europe involves the restoration of Germany. Without a revival of German production there can be no revival of Europe's economy. But we must be very careful to see that a revived Germany could not again threaten the European community.

"I am not speaking of the revival of Germany in a military sense. There can be no question of the absolute necessity of keeping Germany disarmed and demilitarized. Today, Germany is completely disarmed. Measures have been proposed by the United States and supported by the United Kingdom and France to insure the continued demilitarization of Germany for forty years. Thus far the Soviet Union has, in effect, rejected that proposal, by wholesale amendments of its purpose; but the offer still stands.

"The revival of German militarism, however, is not the only factor involved in the relationship of Germany to a restored Europe. There is an imperative necessity for safeguards to insure that the economic power of Germany shall not be used by a future German government as a weapon for the furtherance of exclusively German policies. This poses admittedly a complicated and difficult problem. An attempt artificially to limit German peacetime economy could easily prevent the essential revival of German production to an extent that would render impossible the economic revival of Europe.

"The answer to the problem would appear to relate primarily to the future role and functioning of the great industrial complex in the Ruhr. The United States believes that safeguards must be set up to insure that the resources and industrial potential of the Ruhr, particularly in respect of coal and steel, should not be left under the exclusive control of any future German Government but should be used for the benefit of the European community as a whole.

"The charge has frequently been made that the United States, in its policy, has sought to give priority or intends to give priority to restoration of Germany ahead of those of the other countries of Europe. The truth is that far from having been accorded a preference over any Allied country, German recovery has lagged so far behind that of the other countries of Europe as to retard the whole effort for European recovery.

"... In fairness to the American taxpayer who has been contributing hundreds of millions of dollars annually to support the people in the American zone, Germany must be made self-supporting as quickly as possible.

"With safeguards against any revival of German militarism and with measures to assure the utilization of the basic products of the Ruhr for the good of the European community as a whole, I believe that Europe and the world will be adequately protected against the danger of future German domination. In these circumstances it should be possible to proceed to the establishment of a provisional central authority in a federated German State and to the final framing of a peace settlement. We shall earnestly endeavor at the conference in London to make progress along these lines."

Secretary Marshall concluded his remarks as follows:

"I will approach this conference in London with an open mind and will seek only for a sound basis for agreement. I will seek to avoid statements for mere popular or propaganda effect, no matter what the provocation. It is my purpose to concentrate solely on finding an acceptable basis of agreement to terminate the present tragic stalemate and to speed the advent of a new era of peace and hope for Europe and the world."

Explanation of the United States position was followed by a French statement. On November 20 French Foreign Ministry officials said that the French position with regard to a federated Germany, international control of the industries of the Ruhr, and a reduction in the level of German industry, remained unchanged. They declared that the views expressed by Secretary of State Marshall, that the industry of the Ruhr should be used for the good of Europe as a whole and that safeguards should be set up to provide against its use for purposes of German aggression, were in accord with basic French policy and that from their point of view methods of achieving this objective should be the keynote of discussions at the London Conference. Although not prepared to agree to restoration of the level of industry to that of 1939, it was stated that the French felt Germany should be organized so that it could pay its way and also pay a certain amount in reparation, while at the same time ceasing to be a burden on the United States and Great Britain. They were said to be prepared to suggest a study to this end.

Indications of the probable attitude of the Soviet Union followed on the next day. On November 21, Marshal Sokolovsky, Soviet Commander in Germany, delivered a statement in the Allied Control Council in Berlin charging the Western Powers with willful failure to carry out directives of the Council of Foreign Ministers and the Allied Control Council. Only in the Soviet zone, he said, were directives on demilitarization, denazification, and democratization being carried out. He declared that there had been "almost no progress" toward demilitarization in recent months; military formations had been retained in the British zone, while German youths were obtaining military training in the American zone; liquidation of "military

objects and constructions" was proceeding slowly, armament plants were being retained, the British were preserving naval bases, and reparation directives were being ignored.

In the field of denazification, Sokolovsky charged that the Western Powers were ignoring directives on liquidation of the I.G. Farben cartel and failing to enforce the inadequate laws on decartelization, while Nazis and war criminals continued to hold high positions. Banning of the Socialist Unity Party and failure to enact adequate land reform laws or to enforce those enacted were, he said, examples of failure to carry out democratization. He also stated that the United States Military Government was waging a campaign of "criminal war propaganda" disguised as a "crusade against communism." Further, he declared that by such measures as creation of the bi-zonal administration, which had been carried out behind the back of the Control Council, the United States and Great Britain aimed at effecting "the political and economic dismemberment of Germany." The motive behind this policy of violation of agreements, the Marshal charged, was the transformation of Western Germany, and the Ruhr in particular, "into an industrial war base of Anglo-U.S. imperialism in Europe with the intention of using it to exert pressure on European states which do not wish to be subjugated to British and American monopolies."

London Meeting, Council of Foreign Ministers

The Council of Foreign Ministers opened its conference at Lancaster House in London on November 25 and at their first two meetings accomplished what the Deputies had been unable to accomplish in nearly three weeks of wrangling. They settled not only the items to appear on their agenda but also the order in which those items were to be discussed. The smoothness of the proceedings was hampered only by a lengthy attack on the policy of the Western Powers by Soviet Foreign Secretary Molotov, followed by terse replies by the other three Foreign Ministers.

The agreed agenda, in the order in which the items were to be discussed, follows:

1. Austrian treaty.

2. Preparation of a German peace treaty (frontiers and procedure).

3. Economic principles.

4. Form and scope of provisional German government.

5. Implementation of Moscow decisions on demilitarization of Germany.

6. United States draft disarmament and demilitarization treaty.

It was also agreed that it would not be necessary to complete discussion of one question before proceeding to the next.

First place on the agenda was given to the Austrian treaty only after the Western Powers agreed that the question should immediately be passed to the Foreign Ministers' Deputies, who were to report back to the Ministers on December 2. Foreign Secretary Molotov also insisted that the German peace treaty should be discussed before the economic and political organization of Germany. This was agreed to, although Secretary Marshall made it clear that he considered the latter more important. The Soviet delegate attacked the Western Powers for pursuing a policy which might lead to a third World War, declaring:

> "It became clear [after the end of the second World War] that some countries were striving for a democratic peace--a peace based on the equality of the peoples and the recognition of the sovereignty of big and small states. Such a peace would make it possible to develop peaceful cooperation between countries despite the differences of social system and ideology. The establishment of a democratic peace also means that the vanquished countries, too, have the right to free democratic development as well as to the full restoration of their independence.
>
> "It also became clear that other countries were striving for the establishment not of a democratic but of an imperialist peace, re-establishment of which would mean the domination of certain strong powers over other nations big and small without consideration for their rights and national sovereignty.
>
> "It is not difficult to understand that the establishment of an imperialist peace inevitably leads to the division of countries into two categories: dominating powers on the one hand and subject and enslaved countries on the other, and that in turn leads to new international conflicts and wars which harbor the danger of a third World War."

The Soviet Union, Foreign Secretary Molotov continued, desired a peace treaty with Germany based on democratic principles, and therefore:

> "The peace treaty with Germany must assist the economic restoration of Germany and her future restoration as an independent democratic state. In short the peace treaty with Germany must be founded on those principles which formed the basis of Yalta and Potsdam conference decisions of the Allied powers on the question of Germany.
>
> "On the basis of these decisions we must ensure the demilitarization and democratization of Germany and at the same time the fulfillment by Germany of her obligations to those countries which had suffered from the Hitlerite aggression."

After renewing Soviet charges that, on the other hand, the Western Powers aimed at "preventing economic restoration for fear that Germany might become a rival in the European world market" and that they were attempting "to exploit one or another part of Germany as a military or war industrial base for one or another future military adventure in Europe," he proceeded:

"In preparing the peace treaty with Germany we have to decide first of all two main questions. The drafting of the peace treaty with Germany will be successful if a correct decision is made firstly on the question of an all-German democratic government and secondly on the question of the future peace conference for the examination of this treaty. ...

"The Potsdam conference said outright when the Foreign Ministers' Council was set up that 'the council shall be utilized for the preparation of a peace settlement for Germany, a corresponding document to be accepted by the government of Germany when a government adequate for the purpose is established.'

"This document of the Potsdam conference must be implemented. The question of the formation of an all-German democratic government cannot be postponed any longer. ...

"As far as the peace conference is concerned, we ought now to agree on the composition of the participants. Last year at the New York session of the Foreign Ministers' Council we laid it down unanimously which countries should be drawn into the preliminary consultations in the drafting of the peace treaty with Germany.

"It was then decided that besides the five great powers the Allied states neighboring on Germany as well as other Allied states that had taken part in the war against Germany with their armed forces, should be invited to the consultation.

"After that proposals came up that are in complete contradiction to this decision ... If we do not wish to disrupt what had been agreed upon between us then we must abide by the aforementioned New York decision. And then it would not be difficult to decide the question of participation in the consultations for the drafting of the peace treaty or the question of the composition of the peace conference itself.

"All other questions concerning the drafting of the peace treaty could be decided without great delay if the aforementioned two main questions were decided, while without their solution it is impossible to complete the drafting of the peace treaty with Germany."

In a brief reply, Secretary Marshall assured Molotov that the United States wanted a German peace treaty as quickly as possible. However, while agreeing that the Austrian treaty was "not comparable in importance for the peace of Europe," he urged that, since they were "on the verge of completing an Austrian treaty," it should be discussed briefly and passed on to the Deputies who would proceed to consider the French proposal for breaking the deadlock. In order to break this deadlock, he agreed, although he made it plain that he considered it illogical, to discuss treaty procedure questions before dealing with the economic and political organization of Germany. In this connection he said:

"Yes, we wish to proceed with the discussion of the German peace treaty but no, we do not wish to absorb our time at this critical

moment of world unrest with lengthy discussions of the final manner of approving such a treaty, but rather we desire to enter immediately into a discussion of the basic issues involved in the construction of such a treaty.

"I am referring now to the agreed establishment of economic and political unity of Germany, without which unity procedure is putting the cart before the horse. We should establish a definite unity of Germany, economically and politically, before the problem of final treaty procedure is undertaken. With this understanding, the United States is ready, after prompt reference of the Austrian treaty problem to the deputies, to accept the Soviet proposal to proceed to a discussion of treaty procedure rather than to continue in the present stalemate. But it should be understood by my colleagues that we regard this as reversing the normal and logical order of discussion in order to reach an early and generally acceptable solution. There must, however, immediately follow a discussion of economic and political unity of Germany."

Secretary Marshall refused to answer Molotov's charges of imperialism, but contented himself with asking that such attacks should cease so that they could get down to business. He made the following brief comment on Molotov's long attack:

"Mr. Molotov has just referred to imperialistic designs and creation of slave states. ... I see no point to the repetition of these allegations when we are earnestly desirous of getting to the business toward the early settlement of a sound basis for peace.

"Whatever he may say, I would remain convinced that the Soviet delegate does not really believe his allegations. ...

"Let us get down to work and drop this business of alleging evil motives which are figments of propaganda, not of the mind, and logically endeavor to reach an agreement for the benefit of the entire world. ..."

The Netherlands, Belgium, and Luxembourg handed a joint memorandum to the Council of Foreign Ministers on November 26 outlining their views on the future status of Germany. Warning that "large scale reduction of the German economic capacity ... would seriously impair the economy" of their countries, the Benelux group suggested that, while measures should be adopted to effect German economic rehabilitation, steps should also be taken to guarantee the political security of Germany's neighbors. To these ends they proposed:

1. Removal of artificial restrictions on the free movement of persons, commercial and financial traffic [throughout German territory].

2. Gradual restoration of autonomy and political responsibility in Germany within the framework of a federal constitution.

3. Control of the whole German economy to insure the disarmament and demilitarization of the Reich, in accordance with the plan proposed by Secretary of State Byrnes in April 1946.

4. Special international control of the industrial Ruhr, in which the Benelux group would participate.

5. In the event of the abolition of the present Military Government, maintenance of some form of military occupation at strategic centers.

Discussion on the 27th centered about item 2 of the agenda, the preparation of a German peace treaty (frontiers and procedure). A large part of the meeting was devoted to a restatement of the positions of the four Powers on frontier settlements, particularly the Polish-German frontier. Mr. Molotov argued that the eastern frontier question had been settled at Potsdam; Secretary Marshall and Mr. Bevin insisted that no final settlement had been made; Mr. Bidault expressed the view that, since there had been such large transfers of population there, it was difficult to see how the situation could be changed. Secretary Marshall proposed the establishment of "one or more commissions" to consider "all boundary claims affecting Germany," but Mr. Molotov objected on the ground that they would be "premature." Secretary Marshall's statement of the United States position on the eastern frontier question follows in part:

"With regard to the Polish-German frontier, the starting point for our consideration must be the Potsdam protocol which provided that 'the final delimitation of the western frontier of Poland should await the peace settlement.' Mr. Molotov presented the view that the decision regarding the western frontier has been taken. This is clearly not the case as the quotation just referred to indicates. A just settlement of this frontier, as I stated at our meeting in Moscow on April 9, 1947, requires that we give careful consideration to the needs of the populations which will be directly affected, and keep equally in mind the importance of this frontier for the economic and political stability of Europe.

"No line, however carefully drawn, can entirely satisfy the desires and aspirations of all the peoples concerned. We must take the broader view and seek to establish a frontier which reduces irredentist sentiment to a minimum and promises to be lasting. At the same time the frontier should not be permitted to become a barrier to economic and cultural intercourse. ...

"I believe such a frontier is possible between Poland and Germany. Poland is justly entitled to compensation for her war-time losses and the United States Government wishes to honor this obligation. We must bear in mind that much of the territory now under Polish administration has long been German and contains agricultural resources of vital importance to the German and European economy. In seeking to create a democratic and peaceful German state we must avoid a decision which would deny hope to the moderate forces within Germany and, by violating the principles of the Atlantic Charter to which we have all agreed, would fail to win approval in the court of enlightened world opinion..."

The frontier commission proposal was discussed again the next day, but Mr. Molotov could not be moved from his decision--nor could he be persuaded to reply to Mr. Bidault's request for four-power approval of the economic attachment of the Saar to France, although this had already received the support of the United States and Britain. Instead, he forced a discussion of the future government of Germany and insisted on consideration of a proposal circulated the previous day which began:

> "The Soviet delegation proposes that the Council of Foreign Ministers should in the first place consider following fundamental questions relating to preparation of the peace treaty with Germany:
>
> "(a) The formation of an all-German democratic government."

During the course of his remarks, in which he declared that "not every one seems to be of the same opinion about the need to have a German Government," he accused Great Britain of wishing to establish a separate government in the Western zone of Germany. In support of his allegations, he quoted statements said to have been made by the British Deputy Chief of Staff in Germany and a Parliamentary committee which had visited Germany. These charges drew an emphatic warning from Mr. Bevin who pointed out that Parliamentary committees did not speak for the British Government. He reaffirmed Great Britain's desire to see a central German government established on democratic lines and to prevent another dictatorship being established in Germany. Nevertheless, Mr. Bevin indicated that his country could not be expected to remain inactive if the Council of Foreign Ministers failed to reach agreement.

> "Is chaos to be our objective?" he asked. "If it is, we had better know. Is Europe to be kept divided and prevented from resurrecting her economy? We struggled on for two and a half years in our zone at a terrific cost, which has had to be borne, and has been borne, I think, with resolution by the British people. I say, and I agree with my Parliamentary colleagues, that we cannot go on for ever with the chaos in Europe as it is now. I ask Mr. Molotov to appreciate this position, and if it is understood might it not create the will to settle this problem?"

He concluded with the following warning:

> "I will strive with every nerve and every effort to try to get a politically united Germany built up ... on a basis of democracy as we understand it, and not an over-centralized Government for all practical purposes. I will try to get economic unity of Germany, which is very difficult indeed in view of what has happened since Potsdam, but I will go a long way on behalf of the British people and the British Government to achieve that objective.
>
> "But if in the end peace is denied, then surely you cannot at this stage ask us to stand still with western Europe in chaos and not do anything at all, and while the British Government has come to no conclusion, and indeed has refused to come to a conclusion or even assume that this conference will break down, I am not in a position

to commit us or the British people to what might have to be done if unfortunately the four Ministers cannot agree at this conference."

Mr. Molotov continued to urge in the meeting of the 29th that there should be early establishment of a central German government, declaring that "the formation of a German government is no less urgent than the preparation of a peace treaty," since "unless there is someone to sign [the peace treaty] there will be no one to carry it out." He stated that the Soviet Union would never recognize a peace signed by the Western Powers with Western Germany. The Western Powers, however, refused to be moved from their position that it was illogical to make the peace treaty conditional on the establishment of a German government.

After a short discussion, it was agreed at this meeting that Pakistan should be invited to participate in the preparation of the treaty. The Western Powers continued to refuse, however, to permit the inclusion of Albania, and it was decided that this question should be discussed again in a restricted session.

Economic Union of Saar with France

On November 3 the Saar Landtag voted for the adoption of a new Constitution which provided for economic union with France. The Saarlanders had given approval to this measure on October 5 when they elected by an overwhelming majority the parties pledged to support the Constitution. On November 14 the French National Assembly took a step in the direction of Union when it voted by 416 to 184 for the replacement of the Saar mark by the franc. The opposition was voiced by the Communists. The conversion (at a rate of 20 francs to the mark) began on the 20th, French prices and wage scales, as well as French tax rates, being introduced at the same time.

Anglo-American Conference on Occupation Costs

"Authoritative sources" stated on November 7 that discussions between the United States and Great Britain on occupation costs in the bi-zonal area, which had begun in Washington on October 8, had reached a deadlock over the amount of increased economic control to be granted to the United States in return for the increased costs it was asked to bear. While the United States was said to have agreed to take over almost the whole of Great Britain's expenditure in the two zones, the British, although admitting the principle that the United States should have a greater voice in the administration were, it was alleged, insisting on reservations which would in effect prevent the United States from increasing its authority in proportion to the relative increase in its costs.

Transfer of Responsibility for Ruhr Coal Production

Responsibility for the production and distribution of coal in the Ruhr was formally handed over to the Germans in a ceremony in Berlin on November 19. This transfer had been recommended by the Washington Coal Conference in its report of September 10 but had been held up pending discussions with the French and "Benelux" Governments. Under the new arrangement, most of the powers of the British North German Coal Control

were taken over by two German agencies. The United States and British Military Governments also announced the formation of an Anglo-American control group to supervise the German management. One of the German agencies--the Deutsche Kohlen Bergbau Leitung, situated in Essen--was to be responsible for production and distribution; the other, to be set up by the Bi-Zonal Economic Council, was to deal with such matters as finance and subsidies, labor problems, and social and welfare conditions.

The American Military Government reported on November 22 that coal and steel production in the Ruhr was beginning to show a marked increase. Coal output in October rose to 280,000 tons daily, an increase of 15 per cent over September, while steel production showed a similar rise.

2. Japan

Chinese Proposals on Peace Conference

As if anticipating the formal Chinese proposals for convening a peace conference to draft a Japanese peace treaty, a Department of State official on November 10 reviewed the problem as it had developed to that time. After stressing the importance of the treaty, he recalled that the United States proposed in July 1947 "that a conference to discuss a peace treaty for Japan be held as soon as practicable ... such a conference to be outside the Far Eastern Commission but to be composed of representatives of members of the Commission ... voting to be by a two-thirds majority..." and following approval of a treaty by the Foreign Ministers of the eleven countries concerned "it be submitted to a general conference of all the states at war with Japan." The Soviet Union had maintained, however, that the "question of convening a conference ... be provisionally examined by the Council of Foreign Ministers composed of the United States, the Soviet Union, China and the United Kingdom." This proposal was, however, rejected by the United States. Thereafter, the American spokesman pointed out that the Chinese Foreign Minister had indicated "that the peace conference should adopt a voting procedure similar to that which obtains in the Far Eastern Commission whereby decisions are taken by a majority vote including the concurrence of the United States, the Soviet Union, China and the United Kingdom." He continued:

> "Press statements from Nanking have indicated that if the Chinese participated in a peace conference which the Soviets refused to attend such action would have serious consequences upon Soviet-Chinese relations because of Article II of the Sino-Soviet Treaty of 1945 which states:
>
> > 'The High Contracting Parties undertake not to enter into separate negotiations with Japan and not to conclude, without mutual consent, any armistice or peace treaty either with the present Japanese Government or with any other government or authority set up in Japan which do not renounce all aggressive intentions.'"

It was therefore held that before a Japanese peace conference could be called, it was necessary to "work out a voting procedure which [would] be acceptable to the countries concerned."

On November 19 the Chinese Government announced that it had sent a note to the United States, Great Britain, and the Soviet Union proposing that a preliminary conference of all members of the Far Eastern Commission should be held at an early date "to proceed with the drafting of the [Japanese] peace treaty and to determine matters pertaining to the calling of the final peace conference." They proposed the same voting procedure as that which prevails in the Far Eastern Commission, with all decisions of the conference to be taken by "a majority of the member states composing the conference, including the concurring votes of the United Kingdom, Soviet Union, United States, and China."

A Moscow radio announcement of the 28th said that Soviet Foreign Minister Molotov had submitted a reply to the Chinese note in which he had proposed that the Foreign Ministers of China, the Soviet Union, the United States, and Great Britain should meet in special session in January to discuss the preparation of the Japanese peace treaty. A State Department spokesman said on the same day that a copy of the Soviet note to China had been received in Washington.

Meanwhile, a House Armed Services sub-committee--which had spent two months in a round-the-world survey tour--recommended on November 21, in a report to the full Committee, that a Japanese peace treaty should be concluded at an early date, with or without Soviet participation. The report expressed the view that:

> "If the reluctance or refusal of any one of the powers to participate in the negotiations and execution of a Japanese peace treaty should continue, it is believed that an independent settlement could well be made of the differences between Japan and the United States, but only upon the condition that the United Nations take over in Japan where we leave off."

Among the many proposals made by the sub-committee was the "highly desirable retention of the naval base at Yokosuka with subsidiary locations at Sasebo and Kure."

Diet Action on Reform Legislation

A land reform measure which the chief of the natural resources section of the Supreme Command described as a "second major step toward agrarian reform in Japan" was passed by the Japanese Diet on November 7. It provided for the dissolution of 66,000 farmers' associations and their replacement by agricultural cooperatives modeled on those of the United States. This reform would, the Allied Headquarters official said, give the farmers "an opportunity to emancipate themselves from the yoke of non-agrarian domination and the shackles of bureaucratic control."

The much-disputed coal management bill was passed through the lower house of the Diet on November 25 by a vote of 233 to 155. The measure, while providing for a limited amount of state control, was a considerable modification of the original plan for nationalization. It was passed in spite of strong opposition, and it was anticipated that it would face an equally "rough passage" in the upper house. The Government's

determination to force the bill through led to a split in the Democratic Party. A vote of confidence on the 29th was passed by a majority of 50 only, the voting being 179 to 129, with 126 abstentions.

3. Austria

Currency Reform Measure

A bill "for the protection of the currency through a reduction of the note circulation" was passed through the Austrian Parliament on November 19 by 161 to 4, the negative votes being cast by the Communists. The measure was scheduled to go before the Allied Council for approval the following week. The bill--which provided for the cancellation of "old blocked accounts," conversion into State bonds of funds deposited in the banks between the end of the war and December 1945, the blocking for a limited period of a proportion of all "free" (post-January, 1946) accounts, and the exchange of bank notes in circulation at the rate of three to one (with the exception of 150 schillings per head)--was said to have been unfavorably received by the public. Following passage of the bill, the one Communist Minister in the Government resigned, and the Communists began a vigorous campaign against the Administration.

Rumors of an impending crisis in Austria were discounted by Foreign Minister Gruber during an interview in London on November 30, when he declared that the Communists were too weak to act as they had been doing in France and Italy and had only seized the currency reform measure as an excuse for starting trouble which they would have started anyway. He expressed the view that their real aim was to block the Marshall Plan in accordance with the policy of the Cominform.

Soviet Reply to British Protest on Oil Refineries

An announcement dated November 21 stated that the Soviet Government had replied to the British Government's protest made at the end of October against the seizure on August 1 of the British-American-owned oil refineries at Lobau--but that this had merely repeated the arguments of General Kurasov in the Allied Control Council at Vienna during August. At that time, it was insisted that there were no grounds for such a protest.

Austrian Treaty Discussions

The Deputies to the Foreign Ministers began discussion of the Austrian treaty question on November 27. They had before them the report of the Austrian Treaty Commission and the French compromise proposal for settlement of the German assets problem which had been put forward just prior to the conclusion of the Commission's meetings. Of the seventeen points in the Austrian draft treaty on which no agreement had been reached, settlement of the important question of allied claims to German assets was one which had given rise to the most lengthy controversy. It had, however, proved impossible to agree on a definition of German assets, and the French proposed that no further effort should be made to do so but that a fresh approach should be tried. They suggested that the Powers should first come to an agreement on the total value of German property up to the sum

to which they were entitled in their respective zones. This property was then to be divided into two parts, the first part to be directly allocated to the Powers, the second to be evaluated and converted into a sum to be paid by the Austrian government over a period of eight to ten years. Property to be directly allocated was to include the Zisterdorf oil fields and the Danubian shipping interests. The French put their proposal to the Soviet delegate in more concrete terms on the following day (28th). They suggested that, in return for signing an Austrian treaty and withdrawing their troops from Austrian territory, the Soviet Union should receive from Austria 100 million dollars in redemption obligations, one-third of the Austrian oil production and the greater part of Danubian shipping.

4. Korea

Action in the General Assembly

At the November 4 meeting of the Political and Security Committee of the General Assembly, the United States submitted a revised resolution on procedure to be adopted for effecting the early independence of Korea. The text took into account the Committee's acceptance on October 30 of the U. S. proposal for the establishment of a temporary United Nations Commission to supervise elections in Korea, and added to the original resolution provisions which included in the Commission's functions supervision of the interim period between the elections and the declaration of Korea's independence. The new proposal also incorporated amendments in accordance with suggestions made by China, India, and the Philippines. The resolution, the partial text of which follows, was adopted on the 5th by a vote of 46 to 0, the Soviet Union and its five satellites abstaining.

"The General Assembly ...

"1. Decides that the Commission shall consist of representatives of Australia, Canada, China, El Salvador, France, India, the Philippine Republic, Syria and the Ukrainian SSR;

"2. Recommends that elections be held not later than 31 March 1948 on the basis of adult suffrage and by secret ballot to choose representatives with whom the Commission may consult regarding the prompt attainment of the freedom and independence of the Korean people, and which representatives, constituting a National Assembly, may establish a National Government of Korea. The number of representatives from each voting area or zone should be proportionate to the population and the elections should be under the observation of the Commission;

"3. Further recommends that as soon as possible after the election, the National Assembly should convene and form a National Government and notify the Commission of its formation;

"4. Further recommends that immediately upon the establishment of a National Government that Government should, in consultation with the Commission, (A) Constitute its own national security forces and

dissolve all military or semi-military formations not included therein; (B) Take over the functions of government from the military commands and civilian authorities of North and South Korea; and (C) Arrange with the occupying powers for the complete withdrawal from Korea of their armed forces as early as practicable and if possible within ninety days;

"5. Resolves that the Commission shall facilitate and expedite the fulfillment of the foregoing program for the attainment of the national independence of Korea and withdrawal of occupying forces, taking into account its observations and consultations in Korea. ...

"6. Calls upon the member states concerned to afford every assistance and facility to the Commission in the fulfillment of its responsibilities;

"7. Calls upon all members of the United Nations to refrain from interfering in the affairs of the Korean people during the interim period preparatory to the establishment of Korean independence, except in pursuance of the decisions of the General Assembly; and thereafter, to refrain completely from any and all acts derogatory to the independence and sovereignty of Korea."

The Ukraine immediately announced that it was not willing to participate in the Commission's work.

Prior to the approval of the resolution, the Soviet Union, which, together with its supporters, had embarked on a long attack on American handling of affairs in South Korea, charged the United States with adoption of terroristic methods and accused it of imperialistic designs. The Soviet Union also moved that the Committee call for simultaneous withdrawal of all occupation forces "at the beginning of 1948." This proposal was defeated by a vote of 20 to 6, with 7 abstentions.

The United States delegate, while conceding that conditions in the U. S. zone were "far from perfect or what we would like to see," described the Soviet accusations as "fantastic." He stated in the most emphatic terms that it was "the absolute and firm intention of the United States to withdraw its troops wholly and completely from Korea at the earliest practical date" and strongly denied Soviet charges that his country intended to make Korea "the object of United States expansion." He declared that America had "no intention of seeking military bases or a military hold on Korea," but pointed out that his Government did not feel it could withdraw its troops under conditions which would "condemn the Korean people to a period of civil war and strife which might last many years."

The resolution of the Political and Security Committee was approved during a plenary session of the General Assembly on November 14 by a 43 to 0 vote, the Soviet bloc refusing to vote and threatening that "grave consequences" would follow the adoption of this text. At the same session, a Soviet motion to withdraw both United States and Soviet troops from Korea by January 1, 1948 was rejected by a vote of 34 to 7, with 16 abstentions.

B. IMPLEMENTATION OF PEACE TREATIES

1. The Italian Treaty

a) Colonies

Four-Power Investigation Commission

The Four-Power Commission of Investigation on the former Italian colonies, composed of United States, British, French, and Soviet commissioners, advisers, interpreters, and clerks, left London on November 8. A tentative schedule called for the commission to spend forty days in Eritrea, forty-one in Somaliland, and forty-seven in Libya. It was planned to employ the remaining time in correlating reports, and it was hoped that the project would be completed by June 8, 1948.

Meanwhile, the Italian Foreign Office announced on November 10 that a note had been submitted to the Foreign Ministers' Deputies in London, requesting that Italy be granted the trusteeship of Eritrea. The note sketched Italy's accomplishments during sixty years of administration of the colony, and added that partition would annul the results achieved. It also said that the Italian government favored an examination of Ethiopia's wish for an outlet to the sea, but that the interests of the local population needed to be considered.

Ethiopia's claims to Eritrea were heard by the Deputies on the 12th. The Ethiopian Vice-Minister of Foreign Affairs outlined the history of Eritrea, which had been the seat of the Ethiopian government for more than a thousand years. It was said that Eritrea needed the basic products, including food, that Ethiopia supplied, and Ethiopia needed the port of Massawa for contact with the outside world. Questioning by the French Deputy made it clear that Ethiopia claimed both Eritrea and Italian Somaliland.

b) Trieste

Yugoslav Protest

It was disclosed on November 8 that the Yugoslav Government had handed the United Nations Security Council copies of notes accusing the United States and the United Kingdom of "unjustifiable and hostile action" in Trieste. When depositing these copies, the Yugoslav permanent delegate to the United Nations said he wished to point out that the peace treaty with Italy had been "infringed." This accusation was said to have been based on the expulsion from Trieste on October 30 of the deputy chief of Belgrade's economic delegation there--who had been accused by the Allied Military Government of having made "provocative" remarks against the administration. The Yugoslav United Nations delegate termed this incident only one of a series of violations of the Italian treaty by the Americans and British.

On the 19th, the United States and Great Britain filed identical notes with the Security Council, answering Yugoslavia's charge that

they had been guilty of "unjustifiable and hostile action" in Trieste. The notes stated that it was their view that the three governments administering the two zones in the Free Territory of Trieste should permit "no radical constitutional modifications such as must make more difficult the future integrity and independence" of Trieste.

Emergency Financial Assistance by United Nations

The Budgetary Committee of the General Assembly voted on November 19 the sum of five million dollars as a maximum for emergency assistance to the Free Territory of Trieste. The measure, sponsored by the United States, was said to be needed during the transition period to make up a deficit in imports and foodstuffs. Only the Arab States opposed the move, holding the view that as they had had no voice in the establishment of Trieste, they could not be expected to help in its support. According to the plan, these funds were to be spent, with the consent of the Security Council, by the governor of Trieste--who is still to be appointed by the Council.

c) Possible Revision

Withdrawal of Proposals in General Assembly

At the meeting of the Political and Security Committee of the General Assembly on November 20, Argentina agreed to withdraw its request for discussion on possible revisions of the Italian peace treaty. The Argentine delegate, José Arcé, explained that he was acting in the interests of furthering international collaboration. United States Delegate Austin told the Committee that although his country believed there were injustices in the treaty, the United States would agree to withdrawal of the proposal if it were brought up for discussion again next year. Soviet Delegate Gromyko said the Soviet Union would be just as opposed to a discussion of the treaty in the 1948 session of the General Assembly as it had been this year.

II. ECONOMIC AND SOCIAL PROBLEMS

The great influence that the United States can exert in the world, especially through its economic strength, and responsibilities of its power were both stressed by President Truman in his message, delivered in person on November 17, to the special session of the Congress. On these points, the President declared:

> "It is a tribute to the strength of our democracy that we are able to make so great a contribution to the freedom and welfare of other nations and other peoples. This nation is strong both in material resources and in the spirit of its people. Our economic strength, born of our system of free institutions, has contributed to raising the standard of living the world over. Our moral strength, resulting from our faith in human rights, is the inspiration of free men everywhere.
>
> "I refer to the strength of this nation with humility, for it is an awe-inspiring truth that the manner in which we exert our strength now, and in the future, will have a decisive effect on the course of civilization. ..."

A. RECONSTRUCTION AND DEVELOPMENT

1. Marshall Plan

Nourse Report

In connection with the Marshall program, the Council of Economic Advisers presented to President Truman on October 31 a report on "The Impact of the Foreign Aid Program Upon the Domestic Economy." Upon its receipt, the President released a statement on November 1 which included the following summation of the Council's work:

> "The Council of Economic Advisers reaches the conclusion that the American economy can sustain the general impact of a new foreign aid program, and that there is no question of our general financial capacity to support such a program. At the same time, the council stresses the fact that we must deal promptly and effectively with the problems raised by key commodities -- wheat, steel, certain items of industrial and agricultural machinery, coal and fertilizer."

The principal findings and conclusions of the report were brought together by the Council in summary form. Excerpts follow:

> "The effect of the export surplus to date is highly relevant to an inquiry into the general impact of a new foreign aid program because, at the levels of new foreign aid under discussion, the export surplus in the future will be lower than it has been in the recent past, while our total domestic output of goods and services will probably be higher in future years.

"The size of the export surplus furnishes a general measure of impact, since it represents the excess of goods and services sent abroad over the goods and services that we import. In 1946, total exports were 15.3 billion dollars and the export surplus was 8.1 billion dollars. In the second quarter of 1947, total exports reached a peak annual rate of 21 billion dollars, imports were about 8 billion dollars, and the export surplus rose to an annual rate of 13 billion dollars, but in the third quarter exports declined to an annual rate of 18.3 billion dollars, and the export surplus to 10.3 billion dollars....

"The size of the export surplus to date has naturally decreased the amount of goods available for domestic consumption. But it has not, in view of the tremendous increase in American productive capacity during and since the war, prevented the American consumer from enjoying a general standard of living far above any prewar level. Actual domestic consumption of most significant items is now far higher than before the war. ...

"The report assumes for illustrative purposes a foreign aid figure based upon the Paris Conference Report which would reach a maximum annual rate of 8 billion dollars during the first year, including about 1 billion dollars already authorized, and which would produce a maximum export surplus of about 12 billion dollars a year, assuming 8 billion dollars of imports. Since these levels are lower than those reached during the second quarter of 1947 and would decline appreciably from year to year, it follows that the export surplus resulting from any future foreign aid program will at no time equal, and for most of the time will be substantially less, than levels which have been reached during the current year.

"In view of the long-run prospect for increasing American output if maximum employment and production are maintained, these facts lead to the conclusion that the general impact of a new foreign aid program of the assumed size upon the American economy could be sustained because a larger impact has already been sustained. The report stresses, however, that problems raised by specific commodities in relatively short supply could distort or overturn this generally optimistic picture if not dealt with effectively.

"Food, steel, industrial and agricultural machinery, coal and fertilizer are items of key significance because foreign demand for these goods is especially urgent whereas they are in relatively short supply in this country.

"The food situation is the most serious. The problem stems from a very short corn crop at home, coinciding with a bad crop year for food grains in Europe. Although the domestic wheat crop was at a record level, adverse corn crop developments and high meat prices have provided incentives for feeding large amounts of wheat to livestock.

"Exports of wheat will need to be maintained at recent levels. ... Food price increases have already become serious, and further food price increases would decrease the value of each dollar of foreign aid

extended, work additional hardships upon American families of low or moderate income, and threaten an inflationary price-wage spiral which could adversely affect the whole economy. ...

"... owing to the enormous increase in our steel using industry, the relative steel shortage is of serious proportions, and there is not much prospect of large increase in production in the short run. The chief danger here is that this supply situation may be translated into further increases in the price of steel and steel products which would give an additional inflationary impetus to the whole economy. High domestic and foreign demand for industrial and agricultural machinery is closely connected with the steel problem.

"The general conclusion regarding steel as well as food is this: whether the domestic situation worsens considerably or progresses satisfactorily depends upon the use of vigorous, affirmative measures to assure distribution to the most urgent uses and to prevent a spiraling of prices.

"In the case of coal and fertilizer ... the domestic economy can well afford to continue or even increase shipments of these commodities. ...

"A new foreign aid program will have a severe or a moderate impact on our economy depending upon the domestic measures we adopt. These measures involve both the administration of foreign aid and related questions of domestic economic policy. ...

"The relative shortages of specific commodities require export controls, allocations for domestic use, discouragement of misuse or excessive use, efficient transportation and distribution, and the curbing of speculation and hoarding of goods.

"The general inflationary threat resulting from the combined impact of foreign and domestic demand requires the continuance of tax revenues at present levels, maximum economy in Government expenditures, stimulation of saving, and the enlargement and aggressive use of measures to control dangerous expansion of credit.

Harriman Report

The President's Committee on Foreign Aid, appointed on June 22 under the chairmanship of Secretary of Commerce W. Averell Harriman, presented its report on November 7. The Committee had been asked to determine the "limits within which the United States could safely and wisely extend aid to Western Europe." Five basic conclusions reached by the group were set forth, these being:

"1. The hope of Western Europe depends primarily on the industry and straight thinking of its own people.

"2. The United States has a vital interest -- humanitarian, economic, strategic, and political -- in helping the participating countries to achieve economic recovery.

"3. The aid which the United States gives will impose definite sacrifice on this country.

"4. The magnitude of Western Europe's deficit with the American Continent in 1948 will be of the order of $7 billions, but when all possibilities of financing are taken into consideration, the approximate need for appropriations past and future to cover the calendar year of 1948 may be on the order of $5.75 billions.

"5. The extension of such aid, now or in the future, calls for anti-inflationary fiscal policies on the part of this country, and a new agency to administer the aid extended."

Excerpts from this lengthy and detailed report, which elaborated upon American policy, European needs and capacities, and the magnitude of United States aid, are given below:

"The goals which the European governments have set for themselves and with which our Government may legitimately concern itself are conditioned by the nature of the European economic problem. ... Western Europe is cut off from the food and supplies which flowed from Eastern Europe before the war. Foreign investments and shipping revenues have been lost. The costs of essential food and raw material imports have risen and are still rising. To overcome these disadvantages European production must expand well above pre-war levels; yet in important industries, especially coal mining and important areas, especially Germany, it is lagging badly. It is the judgment of all competent observers that these troubles flow from an acute shortage of working capital and from the serious disintegration of organized economic life rather than from wartime physical destruction. Working capital in the form of fuel, raw materials, and food, is needed to sustain Europe until its production is built up...

"The Committee found little evidence that the goals set at Paris to restore standards of living were excessive in terms of basic necessities. Even if all the estimates submitted at Paris were to go through as planned, Europeans would not be eating as well in 1951 as they ate in 1938. If food were available, it would pay to meet these estimates in full in the interest of political stability. This is especially true in the case of Western Germany, where more food is essential to secure more coal production and the revival of an economy now obviously on dead center.

"The Committee, however, is not convinced that the participating nations at Paris were wholly realistic in their plans for capital expansion. On the first point, it is obvious that if Europe is to be revived and made self-supporting -- if our aid program is not to degenerate into just another relief program -- the European nations will have to rehabilitate their capital plant. But it cannot be too strongly stated that the process of investment and capital formation imposes a severe strain on the country undertaking it. It means the introduction of money income into the economy, with no comparable output of consumer goods to sop up this purchasing power. This

process is highly inflationary. To the degree that capital goods are sent to Europe from the United States, it is true, the strain is transferred from European economies to our own. ... It seems unlikely that European nations can prudently afford to sustain capital formation on as large a scale as they have planned. What this means, in effect, is that housing programs and capital development may have to be slowed down until European recovery is much more advanced than at present.

"In addition the program written at Paris may have to be modified by a shift in the amounts going to the separate countries. As this shift is made, we believe that the amount of aid allotted to Germany may have to be higher than was set at Paris. This Committee wishes to state emphatically that the overwhelming interest of the United States is to prevent the resurgence of an aggressive Germany. ...

"[Another] determining factor in the size of a prudent program is the availability of commodities in this country. The Committee has canvassed such availability in detail. At the Paris Conference, it was concluded that the Western Hemisphere simply did not have the food resources to supply all of the estimated needs. As against estimated need for 35 million tons of grain, the Paris Conference conceded that 25 million tons was the maximum which could be obtained from the outside world with about 9 million tons coming from the United States. In 1947, the United States will probably export some 15 million tons of grain with about 9 million tons going to Europe. In view, however, of the poor American corn crop and the lack of fall rains, only a most favorable crop year in 1948 would make any such performance possible.

"With a number of other commodities, the situation is only a little less stringent. Steel and the steel-making materials, especially scrap, are in particular short supply in the United States. Because it is a basic industrial material, the effects of this shortage are pervasive. Coal exports at a high rate are possible, though they are imposing a strain on the United States transportation system and there may be a few shortages in the coming winter. The margin between supply and demand of petroleum products is very narrow in this country. The European countries do not expect to import this commodity from the United States in volume, but the shortage, like that of steel products, is world-wide. There is little likelihood that these requirements set forth at Paris can be met. ...

"On the basis of revised estimates of European imports and exports, the Committee calculates that the cost of the European aid program to the Government of the United States would be about $5.75 billions for the first year, and between $12 and $17 billions for the whole program here suggested. ...

"The Paris estimates of imports have had to be revised downward, mainly on the grounds of unavailability of goods. To the extent of this revision the estimated cost of the program was also reduced.

At the same time it was necessary, on the grounds of realism, to revise downward the European estimates of exports and to modify the figures in a number of other ways which increase the cost. The result was an estimate by the Committee that the balance of payments deficit would be $1 billion to $1.5 billions lower in the first year and possibly as much as $5 billions lower for the whole plan than that contained in the Paris program.

"The Committee's estimate of the cost to the United States Government is a smaller figure than the foreign trade deficit. First, a deduction must be made for the part of the program that can be financed through the International Bank. Second, there may be private financing. Third, a large part of the European deficit with the American Continent is with countries other than the United States. In its own interest, the United States will probably have to supply funds to cover a part of this deficit but we should not have to finance it in full. When allowance is made for these deductions, the resulting figures are those given above for the cost to the United States Treasury. ...

"When all ... factors are taken into account, the program of aid proposed for 1948 proves to be a moderate increase on what the United States has in the recent past been spending in Europe and what will probably have to be expended in Germany in any case. In addition the program calls for increased lending operations by the International Bank.

"...The Committee cannot emphasize too strongly that any aid extended to Europe must be on a year-to-year basis. It must be subject to constant, vigilant review of the Congress.

"Even to carry out a prudent program in 1948 entails the execution of certain fundamental policies on the part of the United States Government and the most careful administration. The Committee believes that any aid to Europe offered by the United States should be financed out of taxes, not out of borrowing. The maintenance of a surplus in the United States Treasury is a necessity in this inflationary period.

"A foreign aid program will require means to make available goods that are in short supply. Voluntary measures should be relied upon wherever possible. If and when they are not, the Government will probably require authority to set priorities in order to insure the availability for export of limited amounts of the items most critically needed. It might also have to issue limited orders to control consumption of critical materials such as those still in effect for tin. Especially in the field of food it might be necessary to use the device of requiring that limited quantities be set aside for export.

"The Committee is convinced that the administration of the program is of primary importance because it will be necessary ... to adjust the program as it goes forward. To insure unity of administration, it is recommended that a new independent agency be set up

in the Federal Government. The head of this agency should be appointed by the President and confirmed by the Senate. A board of directors should be appointed, representing the Departments of Government concerned with the program, including the Secretary of State and such other persons as the Congress may see fit to add.

"The head of the new organization should be Chairman of this Board which should have power only to establish and adjust general policies within the framework of Congressional action.

"The operating decisions should be made by the head of the new organization, but it will be necessary for him to work out effective means for cooperation with the State Department concerning these major decisions which have an important bearing on the foreign policy of the United States.

"The closest possible relations should be maintained between the new organization and the Congress. This is a question to be solved by the Congress, but we suggest it might be done by a special joint committee created for this purpose, as in the case of the Atomic Energy Commission.

"It is the judgment of this Committee that European recovery can be rapid provided that the essential conditions determining effective aid are met. In summary these are:

"(1) The Central objective must always be to make Europe not independent of the rest of the world but self-sustaining with relation to the rest of the world.

"(2) American aid should be on a decreasing scale. A permanent underwriting of European deficits by the United States Government cannot be contemplated. It is clear that as the aid program tapers off it will be imperative for the natural forces of private financing to resume their normal function to restore the long standing relationships between European and United States enterprises.

"(3) It should be realized that the conditions which the world confronts today are the very reverse of those obtaining in the thirties and call for very different policies. The participating countries, and most of the rest of the world are in the grip of major inflation. Every added economic burden raises the pressure. The Committee has seen no evidence that the participating countries are seeking too high a standard of living. However, it must be emphasized that the attempt to accomplish too much capital formation, public or private, too soon could defeat the purpose of the program.

"(4) While Europe indubitably needs a large injection of working capital in the form of dollars the consistent aim should be not only to accomplish recovery but to create the kind of national and international framework wherein such recovery can be sustained by the work and effort of individuals. Monetary and exchange stabilization, allowing for the gradual relaxation of hampering controls, are essentials to this end.

"(5) If the above conditions can be fulfilled, the United States should contribute generously but wisely to the program set forth at Paris. ..."

The report, in light of its findings regarding the facts of the situation, then concluded that additional aid which might be given to Europe under the Marshall Plan should conform to the following four broad general principles:

"First, we must help Europe to help itself, through developing its own resources and opening up the channels of private trade and financing. Confidence in the soundness of currencies is a first essential step, and this in turn means balancing budgets and stopping government borrowing from central banks.

"Second, there must be encouragement of private capital to go to work in Europe. In addition to currency stability this means the reduction of endless restrictions and regulations and a freer movement of men and money. It means also setting up the machinery of aid in such a way as to stimulate rather than supplant the normal markets.

"Third, a clear distinction should be drawn in methods of financing and administration between emergency relief -- the food and fuel program, which should diminish rapidly, will call for annual appropriation, and may well take the form of grants in aid, -- and reconstruction, -- the more permanent building of recovery. In the field of reconstruction we should emphasize the use of more normal channels, should contemplate loans rather than grants, should use various existing international agencies to the full, and should use the resources of private enterprise.

"Fourth, the impact of the program on the United States must be cushioned. While the amounts involved may seem modest compared with our total resources, they are marginal amounts in the economic sense with respect to our foreign trade, and with respect to the demands on our commodity markets. But it must be kept in mind that these marginal amounts may tip the scale between stability and inflation. Likewise, the agencies which execute the program must adapt their operations from time to time to the condition of our markets, and always have regard to the essential need for economic stability in the United States as a keystone to world recovery.

"If these principles are followed rigorously and persistently and with goodwill there is reason to believe that the United States has the means to meet the critical needs of Europe."

Secretary Marshall's Report to Congressional Committees

At the opening meeting of the joint session of the Senate Foreign Relations Committee and the House Foreign Affairs Committee which had been convened for November 10 to consider the question of aid to Europe, Secretary of State Marshall presented in broad outline the Administration's proposals for a long-term recovery program and interim

assistance, and explained the reasons why such a program was considered to be vital to the interests of the United States. He said in part:

"... This community before the war accounted for nearly one-half of the world's trade. They owned nearly two-thirds of the world's shipping. Their industrial production in terms of the basic commodities of coal, steel and chemicals was before the war slightly greater than that of the United States. Their economy was highly integrated, each part depending upon the efficient working of the other. ...

"The Committee of European Economic Cooperation, meeting in Paris, produced a recovery program extending over four years. After the most careful checking, with the assistance of experts drawn from many Governmental agencies, we have concluded that the Paris Report correctly identifies the courses of action necessary to produce recovery and indicates an approximate order of magnitude of the cost for the full four year program.

"On the basis of present indications, the estimated cost to our Treasury of this program may be of the order of magnitude of 16 to 20 billion dollars. We feel, however, that the uncertainties of weather and crops, supply availibilities, prices, et cetera, inject a degree of assumption which makes the total cost impossible to forecast with accuracy at this time. I therefore will not recommend to the President that the Congress appropriate for the full four year period.

"I feel, however, that we can estimate with reasonable accuracy and assurance the sum required for the first stage of the recovery program, which will cover a 15 month period from April 1, 1948 to June 30, 1949.

"Our tentative estimate of the cost, subject to final checks in the light of the Harriman Report, is somewhat under $1,500,000,000 for the last three months of the fiscal year 1948 and somewhat less than $6,000,000,000 for the fiscal year ending June 30, 1949. The findings contained in the Krug Report, the Nourse Report, and the Harriman Report, together with the studies made by our interdepartmental committees, make it clear that a program in this order of magnitude can be safely undertaken by this country. I shall therefore recommend to the President that the United States support the European Recovery Program and that an amount be appropriated for the 15 month period ending June 30, 1949.

"It is of cardinal importance that an able and effective United States administration manage the funds which may be made available by the Congress. ...

"There are several important principles which I believe should determine the nature of this organization:

"(a) The operation of this program will in many ways define and express the foreign policy of the United States in the eyes of the European countries and the world. Therefore, the operation must fully accord with the foreign policy of the President as expressed through the Secretary of State.

"(b) The organization, if it is to afford successful and dynamic management to the complex recovery program, must be granted the widest practicable flexibility both in its operations and in the use of the funds placed at its disposal. The program of United States support will achieve its objective only if it is kept responsive to changing situations and varying supply conditions.

"(c) Full use should be made of the existing governmental agencies in carrying out those parts of the program which fall within the scope of their present activities. The Departments of Commerce, Treasury, Agriculture, Interior, the National Military Establishment and other agencies are well-equipped to perform many of the necessary functions. The National Advisory Council and other competent interdepartmental agencies will have important parts to play.

"(d) Strong central administrative direction is essential in a complex and varied program of this kind. There must be a high degree of integration in our operation, both in the United States and overseas. Unity of command, rather than diffusion of authority and responsibility is required.

"The President will submit to the Congress his recommendations concerning the administration of the European Recovery Program.

"There will be important functions for the United States to perform in Europe. Much of this work will be negotiation with governments of a nature constituting essentially an extension of the conduct of the entire relationship of the United States with the participating countries. Such matters are now handled through our Embassies and Legations and clearly should continue to be. There will be certain additional functions arising directly out of the operating program, such as screening of specific import requirements, arrangements for furnishing technical assistance and other similar specialized activities which will require the appointment of qualified men who can devote their full attention to such matters.

"These men in their dealings with participating governments should work through our Ambassadors because it is essential to maintain a single channel of responsibility for United States negotiations with other governments.

"For general coordination of the operations in Europe and for central representation in the continuing European organization which the participating countries have decided to establish, consideration

should be given to the designation of a special United States representative for the European Recovery Program, with Ambassadorial rank, appointed by the President with the advice and consent of the Senate.

"As a general principle, aid should take the form of grants or loans, depending in each case upon the capacity of the particular country to repay and the effect which accumulation of additional external debt would have upon sustained recovery. ...

"... At the same time every encouragement should be given to early initiation of private financing so as to eliminate as far as possible the necessity for direct assistance from the United States Government. Use should also be made of the resources of the International Bank whenever in the opinion of the Bank the necessary and appropriate conditions for loans can be met.

"It is obvious that the basic responsibility for European recovery rests on the European countries themselves. However, this Government must have assurance that the aid it provides is effectively utilized for the achievement of European recovery as rapidly as possible.

"It is contemplated that to this end bilateral agreements will be negotiated between the United States and each of the countries participating in the recovery program, setting forth the reciprocal undertaking relating to American assistance. These agreements will vary in form and content as between countries, depending upon the nature of the aid to be furnished and the conditions deemed important in each case. ...

"Assistance to Europe will, to a considerable extent, take the form of commodities. The proposal to be submitted to the Congress contemplates the use of funds provided under the program for purchases outside the United States of commodities not readily available in sufficient quantities in this country. This policy will tend to protect our home economy against inflationary price movements which might result from concentrated buying in our markets. ...

"The European recovery program will be quickly reflected in other countries if the important element of flexibility in purchasing is provided. To the extent that supplies for Europe are procured from non-participating countries for dollars, the trade position of these countries with the United States will be improved. In this way we feel that the problems of other Western Hemisphere countries can be met through a combination of the European recovery program purchases and normal Export-Import Bank transactions.

"More important in a fundamental sense, with increases in production in Europe such as those contemplated in the Paris Report, exports from Europe will increase, and the necessity for the various supplying countries to accumulate non-convertible currencies or to extend credit will diminish. Just as the progress of each individual country among the sixteen will affect the progress of the others, so

the recovery of Europe will inevitably be a significant link in a chain reaction creating or maintaining economic activity in other countries. ...

"I would ... urge upon you the necessity of a speedy decision in regard to the interim aid program. What is immediately needed is aid to maintain the status quo in food and in the material necessary to keep the wheels turning and people at work.

"It will do little good to discuss the merits of a recovery program for Europe if in the meantime political and economic conditions have deteriorated to a point where such a program could not possibly succeed. The problem of overseas payment has become particularly acute in the case of Austria, France and Italy. It is clear that the people of these countries in the absence of immediate assistance will, during the next few months, begin to suffer from a lack of food and other necessities of life and the whole economic and social life of the people will be seriously affected. Within a short time these countries will have exhausted all of the dollar resources which they can muster to maintain the flow of essential supplies. ...

"In order to meet this emergency, I recommend that you give immediate and urgent consideration to a bill authorizing the appropriation of sufficient funds to provide the supplies necessary to permit the people of these three countries to continue to eat, to work, and to survive the winter. This is not a recovery program. It is designed to help provide the essentials of existence to the people of these three countries.

"To accomplish this purpose it is recommended that the Congress authorize an appropriation of $597,000,000. Of this amount Austria needs $42,000,000, France needs $328,000,000 and Italy needs $227,000,000. These funds should be sufficient to meet the situation until March 31, 1948, before which time we hope that some decision may have been taken by the Congress regarding a broad recovery program. In the absence of a recovery program the problem of maintaining existing levels in Europe rapidly becomes more complex after March 31. Additional countries will by that time practically have exhausted their dollar resources, and the cumulative effect of the uncertainties as to the future and the continued low levels of production and consumption will have serious consequences throughout Europe.

"The program of interim aid would be concentrated largely on such items as food, fuel, fertilizer, fibers, seeds and medical supplies. With such resources as they can make available, the countries should be able themselves to procure other imports needed to prevent economic deterioration. The program should be sufficiently flexible to take account of such changes in requirements and availabilities as may occur. ...

"The urgency of the situation is so great that I recommend that no new agency be set up to handle this interim program. The time

required to organize such an agency, to hire personnel and establish new procedures would defeat its very purpose. Whatever agency might be created to administer the long term European Recovery Program could, of course, take over the operation of interim aid as soon as it comes into existence. ..."

Herter Report

The House Select Committee on Foreign Aid, of which Representative Charles A. Eaton was Chairman and Representative Christian A. Herter Vice-Chairman, released on November 13 seven reports designed "to assist the Senate and House legislating and appropriations committees in their consideration of the interim foreign aid requests." Two of these reports covered the French and Italian economic crises, while the others dealt with "the tight supply situation in the five key commodities -- grain, fertilizers, petroleum, coal and steel."

The report on the Italian situation listed the following as causes of Italy's economic difficulties:

"1) Inability to sell exports for dollars while having to pay in dollars for imports.

"2) Inability to find outlets for increasing population.

"3) Wartime damage estimated at 6 billion dollars.

"4) Continuing rise in "cost of living, wages, and government deficits ... during 2 years of Communist participation in the government," which was "due (a) to lack of political strength and to technical incompetence of the government, and (b) to deliberate sabotage on the part of the Communists to create chaotic conditions which they hoped would make the rise of a totalitarian regime inevitable."

The Committee pointed out that, as a result of great efforts at reconstruction, which had to be made "at the expense of current consumption," Italian industry now was "operating at 70 percent of 1938 levels, although a major portion of the necessary imports of coal, petroleum, and industrial raw materials [was] financed by the United States." Moreover, since the expulsion of the Communists, the Government had adopted "a strong program for the stabilization of the lira ..." In consequence, they concluded that

"provided... the European nations themselves take adequate measures to restore economic stability and ... the necessary steps are taken to permit reentry of Germany into the economy of Western Europe, it is reasonable to expect that with further aid Italy can ultimately reach a position of economic self-support and political stability."

Therefore, while raising certain questions designed to effect some economies in the Administration estimates, the Committee found that

"in general, the figures on interim-aid requirements submitted by the Executive Branch appear reasonable in the light of Italy's imports in 1947, although world supplies may not, in every case, be adequate to meet the quantities indicated."

The sub-committee which examined the French situation stressed the importance of the political factors, declaring:

> "The basic importance of the political aspects is clear and their implications must be squarely faced. France remains the key to Western Europe, and her existence as a free country is the foundation of any policy that seeks to maintain the democratic system in that area. France has been physically and psychologically damaged by war and occupation to a far greater degree than had at first been realized. ..."

A summary of the Committee's analysis of the economic situation follows in part:

> "France emerged from the war in poor economic condition, as a result of extensive physical damage, lack of maintenance and raw materials, and dislocation of trade. Since the war, however, great progress has been made toward rebuilding the economic system and in April and May, 1947, the index of industrial production reached pre-war levels. It has since declined slightly as a result of developing shortages. ...
>
> "Coal is generally considered the principal element in the French industrial problem ... France has never been able to produce more than two-thirds of her total coal needs and must now look mainly to the United States to replace the lack. Petroleum and petroleum products must also be imported.
>
> "... The wheat crop has been the poorest in many years (estimated at 50 per cent of normal), and wheat must be imported from all sources at a rate of nearly 160,000 tons a month to meet even the minimum current daily bread ration of 200 grams. Fats and oils must be imported in considerable quantities. ...
>
> "Nitrogenous fertilizers are badly needed to increase the productivity of the soil which deteriorated seriously during the war years.
>
> "The dollar cut imposed by the French Government in August, 1947, has had the effect of drawing on 'pipeline' reserves, and if this supply line of essential raw materials is not replenished during the first months of 1948, it may mean that production in various industries will decline as much as 50 per cent."

The Committee therefore concluded that "the present French economic and political crisis would appear to indicate that at least interim assistance is required to finance the necessary imports for maintaining the French economy."

In general, the conclusions reached by the Committee on the commodities situation were in accordance with those of the three Presidential Committees. Recognizing that world grain requirements during the coming year would be far greater than available supplies, the Committee was concerned to investigate methods for maximization of output and use of food, and it concluded:

> "The several possible remedial measures, all of a partial sort, for the dangerous prospective food shortage, fall into two general categories:
>
> "(a) The collection, conservation, and adequate distribution, here and abroad, of foods, especially the grains. In general, this means a decreased use of grain for livestock feeding and an increased emphasis on direct human consumption of available foods.
>
> "(b) Maximizing production, here and abroad, of the types of food most useful for direct human consumption."

On the important question of fertilizer requirements, it was pointed out that "one partial solution of the nitrogen fertilizer deficit in western Europe [was] to use fully the capacity of that area." Another was that the United States should "use less such fertilizer and allow more to be used in Europe to produce the food there rather than here."

The Committee found that there was little prospect of meeting European petroleum requirements and expressed the view that "unless European, and particularly German, steel and petroleum equipment capacity is brought into early and all-out use, there is danger of a persisting world shortage that may make impossible the realization of any such program as is anticipated by the Committee of European Economic Cooperation."

On steel requirements, the Committee reported that: "Unlike other commodities, steel, in any great quantity for export, is produced only in the United States and in Europe. Therefore world availability of steel to meet European deficits really means steel from the United States. ..."

Investigation of coal requirements and availabilities led to the following conclusions:

> "Although western Europe was self-sufficient with regard to coal before the war, the physical destruction of mines and mining-machinery factories and the loss and lower productivity of coal miners have resulted in a serious coal deficit in western Europe since the end of the war.
>
> "Only Poland and the United States are now producing coal in sufficient volume to assist in making up this deficit. ...
>
> "The requests for coal shipments from the United States are within the physical capacity of the United States coal mines and coal resources."

Opening of Special Congressional Session

"The Congress has been convened to consider the problems of major concern to the citizens of the United States and to the people of the world. The future of the free nations of Europe hangs in the balance. The future of our own economy is in jeopardy." With these words President Truman opened on November 17 the special session of Congress which he had called to consider emergency aid to Europe and the problem of high prices within the United States. Asking for appropriations to provide immediate assistance to Austria, France, and Italy, as well as additional funds for Germany, Japan, and Korea, he declared:

> "Emergency assistance by itself will not solve European problems. Emergency aid is no substitute for a long-range recovery program, but it is a vital prerequisite to such a program. If the Western European nations should collapse this winter, as a result of our failure to bridge the gap between their resources and their needs, there would be no chance for them -- or for us -- to look forward to their economic recovery. The providing of interim aid will give us time to plan our part in an economic recovery program and it will give the peoples of Europe the strength to hold out until such a program begins."

The President then promised that he would "shortly" submit to the Congress recommendations concerning the long-range European recovery program. But he warned the Congress that:

> "The actions of this Government must be of a stature to match the dignity and influence of the United States in world affairs. The prompt provision by the Congress for interim aid will be convincing proof to all nations of our sincere determination to support the freedom-loving countries of western Europe in their endeavors to remain free and to become fully self-supporting once again.
>
> "If that action is followed by the enactment of the long-range European recovery program, this Congress will have written a noble page in world annals."

The President declared, however, that the entire program of foreign aid, as well as the prosperity of the people of the United States, was threatened by inflation, and he warned:

> "If we neglect our economic ills at home, if we fail to halt the march of inflation, we may bring on a depression from which our economic system, as we know it, might not recover. And if we turn our backs on nations still struggling to recover from the agony of war, not yet able to stand on their own feet, we may lose for all time the chance to obtain a world of free peoples that can live in enduring peace."

He therefore put forward a detailed program designed to "halt runaway prices," comprising measures (1) to relieve monetary pressures; (2) to channel scarce goods into the most essential uses; (3) to deal directly

with specific high prices. The third group of measures recommended included legislation authorizing the Government to impose rationing and price control where voluntary action proved insufficient.

Special Legislation for Interim Aid

Concurrently with Secretary Marshall's appearance before the Congressional Committees, the State Department submitted a draft emergency foreign aid bill requesting authorization of expenditure amounting to 597 million dollars for relief to France, Italy, and Austria during the coming winter. The Senate and House Committees then proceeded to hold separate hearings on the proposed measure. On the 20th, the Senate Foreign Relations Committee gave unanimous approval to the aid legislation, but published its own bill which, while it embodied most of the provisions in the State Department draft, included several amendments. It specified, for example, that the United States should not be obligated to assist any country mentioned, that it should not guarantee the availability of any specific commodity, and that no more than 25 per cent of the amount authorized should be used to purchase supplies from foreign countries. Sections of the Committee's bill follow:

> "It is the purpose of this act to provide immediate assistance in the form of food, fuel, and other commodities authorized herein urgently needed by the peoples of Austria, France, and Italy ... to alleviate conditions of intolerable hunger and cold and prevent serious economic retrogression which would jeopardize any general European economic recovery program based on self-help and cooperation.
>
> "The President ... may ... procure, or provide funds for the procurement from any source, of food, seed, and fertilizer; coal, petroleum, and petroleum products; other fuel; fibers, pesticides and medical supplies and such commodities as the President finds are necessary for the accomplishment of the purposes of this act. This act, however, shall not imply any obligation to give assistance to any of the countries mentioned nor shall it imply or guarantee the availability of any specific commodities. ...
>
> " ... It is further provided that no more than 25 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its territories and possessions. ...
>
> "The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this act have been completed, shall transmit to the Congress a report of operations under this act."

In a report on the bill, the Committee pointed out the necessity of assisting Austria, France, and Italy to purchase the fuel, food, and other commodities necessary for the survival of their peoples and their economies during the coming winter, observing that the recent riots in France and Italy demonstrated the need for speedy action. They also declared themselves agreed that "in view of the precarious financial position

of the countries involved, and emergency character of this act, ... it would be unwise and unsound economically to burden them with additional debts in the form of loans at this time."

In presenting the Committee's bill to the Senate on November 24, Senator Vandenberg noted a further important particular in which the Administration's draft bill had been amended, observing:

> "The original proposal left the President wide-open option to administer this relief to suit himself. The amended bill denies any such open-ended Presidential prerogative. It requires that, 'in accordance with the direction of the President,' the responsibility for administering in Europe the program of assistance shall be vested in the field administrator of the United States foreign relief program appointed pursuant to the act of May 31, 1947. Thus there is a warrant against any new or duplicating set-up. ..."

He pointed also to the fact that there were numerous other protections in the bill which spoke for themselves and concluded: "Mr. President, I think this bill should promptly pass."

During the course of the debate which followed, Senator Taft, chairman of the Republican Policy Committee, had voted to reduce the proposed expenditure to 400 million dollars but on the 28th he announced that he would support the full authorization.

Final action on the measure was scheduled to be taken on December 1.

Meanwhile, the House Foreign Affairs Committee, which was drawing up its own bill, voted on November 25 to cut 108 million dollars from the Administration's program for aid to France, Italy, and Austria. At the same time, it decided to recommend that an appropriation of 60 million dollars for aid to China should be added, bringing the total authorization to 549 million dollars.

2. International Long-Term Development Projects

Proposed International Bank Loan to Poland

On November 4, officials of the International Bank conceded that with its functions reduced by the world situation to that of an investment house, they were fearful of the reaction among American investors, who have become almost its only source of new funds, regarding a loan to Poland on account of its refusal to join in the Marshall Plan. This projected loan was for the purpose of increasing coal production in Poland, and enabling that country to provide Western Europe with badly needed fuel supplies.

Relationship of Bank and Fund to the United Nations

The General Assembly voted approval, unanimously and without debate on November 15, of the proposed agreements under which the International Bank and Fund were to become specialized agencies of the United

Nations. Soviet Union opposition had been expected as that country had been bitterly opposed to the agreements in the fifth session of the Economic and Social Council during August. The head of the Bank, John J. McCloy, and the managing director of the Fund, Camille Gutt, had been insistent that not only the United Nations could not make direct recommendations on loans, but that it also should not interfere in budgetary matters, and they had been successful in maintaining these attitudes.

World Food Council Meeting

The World Food Council, established by the Food and Agriculture Organization in Geneva during September, opened its first session in Washington on November 4. The Chairman, Viscount Bruce of Australia, told the gathering that "on this first meeting we are perhaps initiating a very great forward movement in the progress of the world."

Sir John Boyd Orr, Director-General of the FAO, asked the Council to take "bold and far-reaching action" toward the rebuilding of the world economic system on a more stable basis than that of the prewar era. He said that "long continued hunger in wide areas [would] result in increasing social and political unrest" with possible serious consequences.

At the conclusion of these two addresses, the Council went into executive session to consider its agenda, which included the means of transfer of the allocation functions of the International Emergency Food Council to the World Food Council, and a review of the world food and agricultural situation and developments since the last FAO conference. An eight-nation committee consisting of Brazil, Canada, France, India, Italy, the Netherlands, Great Britain and the United States was set up under the chairmanship of Bruce to consider the transferral of the IEFC. In speaking of the transfer Bruce told a press conference that since short-and long-term food problems were "inextricably interlocked," the FAO had recommended unanimously that IEFC functions be taken over by the Food Council. On the 8th an IEFC resolution was accepted -- providing for the setting up within the FAO of a committee to be known as the International Emergency Food Committee, having the same membership and possessing functions similar to those of the International Emergency Food Council.

Announcement was made on November 11, the closing day of the Washington session, that the IEFC had voted to recommend to its thirty-five member nations that its activities be taken over by the World Food Council. Bruce stated at that time that he believed the new Council would act more quickly on world food problems and allocations, and that the question of food shortages might be handled more expeditiously if managed on a regional basis along the lines of the Marshall Plan for economic assistance to Western Europe. He made clear that the dissolution of the IEFC would not interrupt its work, and pointed out that the principal change would be that the administrative staff would become responsible to a new IEFC set up by FAO instead of to the thirty-five members of the original IEFC. Bruce also expressed the belief that the Soviet Union would in time join the FAO.

Economic Commission for Asia and the Far East

The second meeting of the Economic Commission for Asia and the Far East opened in Baguio, Philippine Islands, on November 24, with T. S. Tsiang of China in the chair. The Soviet Union, Great Britain, the United States, the Netherlands, Australia, and eleven principal Asiatic countries sent delegations. The non-Asiatic nations, including the Soviet Union, had an associate membership status--while only those countries in the geographical area were considered full members. It was stated that the Philippines was chosen as the meeting place, because it was one of the more politically and economically stable Asiatic countries, that it had achieved independence, and in a large measure had solved problems of food and transportation.

President Manuel Roxas of the Philippines opened the sessions with a plea for an Asiatic share in "dollar altruism" and with sharp criticism of world concern for Europe and disregard of Asia. He said in part:

> "If the motive behind the present plans to aid Europe is materialistic, or partly so, predicated on the need of maintaining a certain volume of exports, then I submit that Asia, if assisted in equal measure, would provide a greater and progressively more profitable market for such exports.
>
> "If the motive is to avoid what some nations believe is the danger of large populations' embracing political and economic systems that destroy human freedom and endanger the peace of the world, then in that case I submit that Asia and the Far East should not be neglected, for here we are concerned with half the population of the world who, because they are immersed in deeper poverty, are closer to desperation and therefore can more easily be attracted to ideologies promising improvement. ..."

The ECAFE had been enjoined by the United Nations to concern itself purely with economic matters and to avoid political discussions. However, early in its sessions political problems were holding back attention to the business at hand. Argument prevailed over the admission to voting status of the Siamese delegation because of the new Siam Government, and over associate membership for Laos and Cambodia, both parts of Indo-China. Laos was finally admitted to membership by a vote of 9 to 0 with the Soviet Union abstaining. Cambodia was admitted by a vote of 8 to 0 with the Soviet Union and Pakistan abstaining.

B. COMMERCIAL POLICY

1. International Trade Organization

Brussels Meeting on European Customs Union

The first meeting of the study group which the Committee of European Economic Co-operation had decided to set up to consider the possibility of establishing a European Customs Union was held in Brussels on

November 10. The following thirteen countries sent delegates: Great Britain, Belgium, the Netherlands, Luxembourg, Turkey, Greece, Italy, Austria, Portugal, France, Eire, Denmark, and Iceland. Norway, Sweden, Canada, Australia, New Zealand, Pakistan, India, and South Africa were represented by observers.

Addressing the delegates, Belgian Premier Paul-Henri Spaak expressed regret at the absence of certain countries but said he hoped that they would reconsider their decision. While it would not be easy to achieve results, Premier Spaak stated it was time to adopt new methods for the salvation of Europe.

General Agreement on Tariffs and Trade

The text of the General Agreement on Tariffs and Trade to which twenty-three nations were signatories in Geneva on October 30, was made public on November 17 by the Secretary General of the United Nations. This agreement, the result of six months of uninterrupted negotiations at Geneva, covers approximately 45,000 items -- accounting for two-thirds of the trade among the nations party to it. These countries, which included Australia, the Belgium-Netherlands-Luxembourg (Benelux) Customs Union, Brazil, China, Czechoslovakia, France, Norway, the Union of South Africa, Great Britain, and the United States, were responsible for about three-quarters of the international trade of the world in 1938.

An introduction to an analysis of the Agreement, published by the Department of State, stated in part:

> "...The General Agreement is the most comprehensive international instrument ever negotiated for the reduction of barriers to world trade, having regard both to the scope of its provisions and to the volume of trade which they affect. ...
>
> "The General Agreement will replace the Reciprocal Trade Agreements which the United States already has with a number of the negotiating countries, namely, Belgium-Luxemburg, Canada, Cuba, France, the Netherlands, and the United Kingdom. Supplementary bilateral agreements have therefore been concluded with these countries making the existing trade agreements inoperative for such time as the United States and the other country concerned are both parties to the General Agreement. ...
>
> "The Agreement and its Schedules of tariff concessions will be put into effect provisionally on January 1, 1948 by Australia, the Belgium-Netherlands-Luxemburg Customs Union, Canada, France, the United Kingdom, and the United States, and by other participating countries as soon as they can comply with procedures required by their constitutions or laws. This must be done by June 30, 1948. Provisional application by the United States will be effected by Presidential proclamation under the Trade Agreements Act, as amended. The Agreement will enter definitely into force upon deposit with the Secretary General of the United Nations of formal acceptances on behalf of countries making up 85 percent of the foreign trade of all negotiating countries as determined in an annex to the Agreement. ..."

Although the United States Government officially considered this Agreement, whereby it agreed to cut tariffs by up to 50 percent on about 3,500 import items and to refrain from raising tariffs on hundreds of other items in return for the cutting or freezing of duties on American imports -- a considerable advance in the betterment of international relations on the economic level -- certain businessmen feared that the lowered tariffs would increase competition from foreign sources.

The adherence of Great Britain to these tariff reduction agreements was cited as an indication that the recent trend away from multilateral trade and the Hull reciprocal agreements had been slowed down if not stopped. However, it was pointed out that Great Britain had not given up its Empire preference system. The British Government, in answering critics, had made clear that it could not surrender its preferential trading position within the Empire until it could be assured of more open markets elsewhere in the world. Great Britain, nevertheless, did lower its tariffs to at least the same degree to which the United States and the other signatories lowered theirs, thus in effect giving up certain Empire preferential positions.

In the Agreement are provisions pertaining to trade barriers and other trade controls, including tariffs, preferences, quotas, and customs regulations--as well as clauses relating to state trading and subsidies. All the tariff concessions made by the United States Government were within the framework of the Trade Agreements Act and an Executive Order on the subject, dated February 25, 1947. These concessions were concerned with bindings of tariff rates or duty-free entry and reductions in tariff rates. In 1939, the total U. S. imports of dutiable and duty-free goods were 2,247.7 million dollars. Concessions at Geneva affected 1,766.5 million dollars in goods--approximately 78 per cent of the total imports to the United States. Of the 1939 imports on which the United States made concessions, 81 per cent were imported from Great Britain and its colonies, Canada, the Belgium-Luxembourg-Netherlands Customs Union, Brazil, Cuba, and France. Primary concessions received by the United States from the Geneva Conference participants totalled 1,192,346 million dollars, and it was estimated that in addition to these on primary goods, concessions were obtained on goods of which the United States is a secondary supplier in the amount of 200 million dollars.

Acting Secretary of State Lovett at a press conference on November 26 issued a statement in which he gave assurance that the concessions in the General Agreement on Tariffs and Trade would not be detrimental to United States industry, agriculture, or labor. The release read in part:

> "Fears have been expressed that the concessions made under the General Agreement on Tariffs and Trade authenticated at Geneva October 30 and announced by the Secretary General of the United Nations on November 17, will bring injury to United States industry, agriculture or labor. The experts are confident that this will not be the case, but that the mutual concessions given and received will bring great and lasting benefits to the people of the United States. The Department feels that the ties of economic friendship and cooperation between the nations which are parties to this Agreement will be strengthened by it. ..."

Opening of Havana Conference

The Conference on Trade and Employment opened in Havana on November 21, with more than 1,000 delegates, advisers, and others from sixty-two nations in attendance. President Ramon Grau San Martin of Cuba urged the gathering, assembled to consider the adoption of a Charter for an International Trade Organization (with the Geneva draft to be the basis of work), to strive for a "new world order in production and trade" with "better distribution of materials and products." Sergio I. Clark, chairman of the Cuban delegation, was unanimously selected President of the Conference at a five-minute plenary session on the afternoon of the 22nd. The following day, the draft rules of procedure were amended by a subcommittee to permit the President to delegate his powers to a vice-president whenever he was absent or not presiding. It was pointed out that this would allow the President to step down at times and utilize the greater experience of some of the other delegates without "losing face."

On the 27th William L. Clayton, chairman of the United States delegation, asked the conference to adopt the Geneva draft of the Charter without "overloading it with a multiplicity of exceptions and escape clauses." He declared:

> "A charter in which the basic provisions of commercial policy are materially diluted could not be accepted by the United States. The United States could not accept an instrument adopted in the name of economic cooperation which in fact, sactioned economic conflict."

Clayton asserted that alleged claims that the United States was opposed to the industrialization of undeveloped countries were false. He pointed out that enlightened self-interest predisposes the United States to favor the industrialization because "our best customers have always been developed countries." He asserted that the United States had repeatedly shown its belief in that policy through the extension of credits, technical assistance, and in other ways. He added, however:

> "...we insist that economic development can only proceed safely and profitably through the adoption of constructive measures. Negative and restrictive measures would be fatal. They would destroy the very foundation on which the exchangeability of goods must rest.
>
> "Despite strong convictions we have gone far to meeting opposing viewpoints. The resulting compromise contained in the charter permits a greater measure of restrictionism than we believe wise, but we are willing to accept it if general agreement may thereby be attained."

2. International Organization in the Field of Services

a) Civil Aviation

ICAO Conference on Commercial Rights

The Commission on Commercial Rights in International Civil Air Transport of the International Civil Aviation Organization opened meetings in Geneva on November 3. On the 4th it adopted a single agenda item:

"To develop and submit to the full consideration of member states an agreement respecting exchange of commercial rights in international civil air transport in development of a single broad agreement guaranteeing equality of opportunity for the airlines of all nations engaged in international air transport."

The basis on which to set up such an agreement was centered in the draft multilateral agreement, considered by the last ICAO Assembly, which contained three main points: (1) The granting of the general right to operate commercially to a reasonable number of traffic centers; (2) a basic regulatory provision on the amount of capacity for passengers, mail, and cargo that a contracting state should be permitted to allow any of its airlines to provide; and (3) provision for the settlement of differences through an arbitral tribunal.

While agreement was not reached at the Geneva meeting on a multilateral accord on commercial air rights, it was said that the Commission planned to submit a report to the member governments that might be useful as the basis for future discussion of such an accord.

C. SOCIAL POLICY

1. United Nations Educational, Scientific and Cultural Organization

Mexico City Conference

The second general conference of the United Nations Educational, Scientific and Cultural Organization convened in Mexico City on November 6 with delegates from thirty-four countries in attendance. Prior to its opening, the eighteen-member executive board of UNESCO held a three-day session to give final approval to the agenda, to review the working papers and the Director-General's Progress Report for 1947. In a speech of welcome to the conference members, President Miguel Aléman of Mexico expressed the belief that culture must "take science by the hand and lead it so we can be rid of our reasonable fears in view of the destructive powers of the tremendous weapons that science has invented."

On the 7th Manual Gual Vidal, Mexican Minister of Education, was elected president of the conference. At the same time seven vice-presidents were chosen including William Benton, chairman of the United States delegation. Italy, Hungary, Switzerland, and Austria were elected to membership, increasing the number of member states to thirty-nine. Italy was the first ex-enemy country to be admitted to a United Nations agency. It was accepted, together with Switzerland, by unanimous vote. Poland voted against the admission of Austria, while the United States abstained in the vote on Hungary.

Polish and Czechoslovakian delegates (on the 11th) accused the United States press of war-mongering and "irresponsible freedom of misinformation." As the Soviet Union is not a participant in the work of UNESCO, these two nations were considered as its spokesmen. The chairman of the Polish delegation presented a resolution that urged UNESCO to

"appeal to the United Nations to condemn most energetically all the war propaganda, the discrimination against races and nations, and the attempts to establish the supremacy of one state over others." He charged that the United States was attempting "to gain control of the whole organization so as to dictate its program according to its political views." The chairman of the Czechoslovakian delegation declared that "UNESCO was created to promote the equality of mankind with respect to sex, nationality, religion, color, political belief and education. Yet today and every day the front pages of thousands of newspapers are succumbing to the warmongering hysteria."

The work accomplished by the conference (scheduled to close on December 3) included the following:

1. Approval of the creation of a fund to help reconstruct film, press, and radio facilities in war-devastated countries by the Program and Budget Commission.

2. A unanimous recommendation (also by the Program and Budget Commission) that UNESCO should extend its Technical Needs Survey into the fields of radio, press, and films.

3. Acceptance by this Commission of resolutions on mass communication submitted by the United States to the effect that "UNESCO should continue and intensify its efforts to remove existing obstacles to a free flow of ideas by word and image ... ."

2. Displaced Persons

House Committee Report

A subcommittee appointed by the Committee on Foreign Affairs of the House of Representatives to investigate the displaced persons problem submitted a report on November 15, based on field observations in Europe. The subcommittee recommended the calling of a new international conference to deal with the issue. Its report declared:

"The sporadic unilateral programs of individual nations for recruiting selected displaced persons are not significant steps to meeting the problem. Rather they aggravate the difficulty of the residue by draining away the best.

"The answer is an international agreement among the potential receiving countries. This should be sought at an international conference among the governments adhering to the International Refugee Organization and governments of other nations available for immigration. ..."

In recommending a program for the United States Congress, the report said:

"There are measures pending at this time before the Congress relating to the admission into the United States of certain numbers of displaced persons outside of regular immigration quotas for the

purpose of relieving the existing emergency. It is recommended that the number of displaced persons admitted under such legislation, if enacted, be credited on any quota allocated to and accepted by the United States in such an international conference."

General Assembly Action

On November 17, the General Assembly approved by a vote of 49 to 0, with Poland, Costa Rica, Afghanistan, and Argentina abstaining, a compromise resolution adopted by the Social, Humanitarian, and Cultural Committee, urging member states to speed the return of repatriable displaced persons to their homes and asking each government to admit a "fair share" of the non-repatriable refugees. The Soviet Union abstained from voting on the measure in committee meetings, but joined with the United States and Great Britain in the Assembly action. The text of the compromise resolution stated that the General Assembly:

"REAFFIRMS its position that the main task concerning displaced persons is to encourage and assist in every possible way their early return to their countries of origin, in accordance with the General Assembly resolution of 12 February 1946, and that no obstacles be placed in the way of the early fulfilment of this task;

"INVITES the Member States not to accord aid and protection to individuals or organizations which are engaged in the promoting or operating of illegal immigration, or in activities designed to promote illegal immigration;

"RECOMMENDS each Member of the United Nations to adopt urgent measures for the early return of the repatriable refugees and displaced persons to their countries of origin, ... and for settling a fair share of the non-repatriable refugees and displaced persons in its country. ..."

III. POLITICAL PROBLEMS

On the occasion of his personal appearance before the special session of the Congress on November 17, President Truman in his address again emphasized the basic policy of the United States in dealing generally with the pressing international political problems. The President said:

> "...The American people are becoming more and more deeply aware of their world position. They are learning that great responsibility goes with great power.
>
> "Our people know that our influence in the world gives us an opportunity--unmatched in history--to conduct ourselves in such a manner that men and women of all the world can move out of the shadows of fear and war and into the light of freedom and peace.
>
> "We must make the most of that opportunity. For we have learned, by the costly lesson of two world wars, that what happens beyond our shores determines how we live our own lives. We have learned that, if we want to live in freedom and security, we must work with all the world for freedom and security. ...
>
> "Twice within this generation we have had to take up arms against nations whose leaders, misled by the hope of easy conquest, sought to dominate the world.
>
> "We are convinced that the best way to prevent future wars is to work for the independence and well-being of all nations. This conviction guides our present efforts, and will guide our future decisions. ...
>
> "In our efforts, however, to achieve the conditions of peace for all the world, we have encountered unforeseen and unwelcome obstacles.
>
> "We have found that not all nations seem to share our aims or approve our methods. We regret the differences which have arisen and the criticisms so loudly expressed. Yet we cannot afford, and we do not intend, to let current differences with some nations deter our efforts to cooperate in friendly fashion and to assist other nations who, like us, cherish freedom and seek to promote the peace and stability of the world. ..."

A. POLITICAL INDEPENDENCE AND FREE INSTITUTIONS

1. France

Formation of New Cabinet

The moderate government of Premier Paul Ramadier, under pressure from the Communists on the left and the de Gaullists on the right, struggled vainly against a background of economic crisis to maintain its position long enough for the Marshall Plan to become operative. On November

a new policy, that of balancing the budget, was announced. This involved a change from the technique of attacking inflation by attempting to hold down prices to an adjustment of the budget so as to prevent further increases in the volume of currency in circulation.

The Minister for Economic Affairs, Jules Moch, in a broadcast to the French people on the 6th, asked popular support in the Government fight against price increases, and reiterated that the Cabinet was determined to restore confidence in the currency by balancing the budget and operating nationalized industry without subsidies. He said that beginning November 7 a Government controller would be placed in the 130 Paris markets to verify that the legal prices on food were posted -- with this procedure to be extended to the provinces.

In the midst of these attempts toward order General de Gaulle, in a press conference on the 12th, while making economic proposals also affirmed that his Réunion du Peuple Français would try to make alliances with the United States, Great Britain, and other Western countries with a view to resisting the Soviet threat to the world, which he said was "more to be dreaded than were those from the empires of Charles V, Wilhelm II, or even the Reich of Hitler." De Gaulle said that the initiative should be taken by France because it was the country most immediately threatened. He declared that war was possible and that France should be prepared, and added:

> "But there are other countries that consider themselves threatened. It is natural, therefore, that those who are threatened in common should wish to arrange in common to prevent the worst and to win in the end if the worst should happen.
>
> "It is thus that one should regard an arrangement, for example, with the United States of America. It is on this basis of a conjunction of power with power that each should give what it has for the common safety. The Americans have especially economic means and can largely aid our recovery. We have geography--the positions where we live--and our French Union and our influence on all that takes place in Europe.
>
> "All this--the organization of Europe, a treaty with Britain, a treaty with the United States--implies wide concrete engagements. In this France should take the initiative and not follow that of others."

Other proposals outlined by de Gaulle included:

1. Reconstruction of France and its association with the powers of Western Europe, including probably Western Germany.

2. Balancing the French budget, and taking control of the labor unions from the Communist Party.

3. The calling of varying groups of opinion to the defense of the currency, and to the recovery of the country generally.

4. The obtaining of a guarantee that Germany would never again become a Reich, and the refusal to give up French controls in that country or to enter into any merger of the zones of occupation.

In turn the National Committee of the Confédération General du Travail adopted a manifesto on November 12 by a vote of 8 to 1, put forward by Communist Pierre Lebrun, setting a deadline of December 19 for the acceptance by the Government of a demand for a general increase in wages through the country retroactive to November 1. The manifesto, adopted over the protest of Socialist leader Leon Jouhaux, and addressed to "all the workers of France," declared that they would be consulted in their unions and workshops concerning "the means of action they would be ready to employ on an appeal of the Confederation of Labor in case the Government refused our requests."

When the National Assembly opened on November 13, one of the first subjects of business was an interpellation of the Government on the rioting that had broken out in Marseilles. A MRP deputy presented a motion that this issue be debated at once. However, the Government, through the Premier, asked for a week's postponement on this question until the Ministry of the Interior had more reliable information on the matter. Ramadier told the opening session that the Government would "go the limit" to defend the Republic against the Communists and accused them of being the cause of the rioting in Marseilles that had commenced on the 12th, stating: "The demonstration was started by political organizations for which you are responsible."

The Cabinet met on the 14th with President Vincent Auriol and accepted a series of strong measures designed to meet the threat to public order presented by the Marseilles rioting. It gave approval to a draft law under consideration by a commission, chairmaned by Minister of the Armed Forces Pierre-Henri Teitgen, which conferred wider authority on the prefects of Departments, enabling them to act speedily in cooperation with local agencies in times of emergency. The Cabinet also discussed the situation at Le Havre where, as in Marseilles, there had been confusion since the October elections.

The political bureau of the French Communist Party, in an announcement on the same day condemned both the de Gaullist movement and the "third force" or Centrist coalition represented by the Ramadier Cabinet, terming them "two wings of the American party ... in collusion."

Over the weekend of the 15th, in view of the seriousness of the political situation, the revision of the Ramadier Cabinet or the formation of a new one was discussed by political leaders. However, Paul Reynaud, Independent Conservative, after a conference with Ramadier and Teitgen said "nothing [had] been decided." On November 17, former Socialist Premier Leon Blum, an "elder statesman," conferred with Reynaud but they were unable to agree upon a Cabinet in which both would be leading figures. Strife continued, and the fear of a general strike increased as Blum and Ramadier met with Jules Moch on the 18th to discuss the crisis.

Indicating the seriousness of the situation the Minister of the Interior, Edouard Depreux, told the National Assembly: "In the name of the Government I say that the Republic is in a state of legitimate defense." He linked the Communist riot in Marseilles with those occurring in Italy, and asserted that France would not allow "foreigners to stage violent political battles on her territory."

By the 20th the position of the Ramadier Government had become so untenable that the Premier handed his resignation to President Auriol. At this time a mining strike was spreading in the north -- tying up three-fourths of coal production, the walkout of metal workers in Paris seemed almost complete, and many other strikes were either effective or threatening. The executive committee of Ramadier's Socialist Party decided on the night of the 18th, and announced on the 19th, that the Premier must resign to permit Leon Blum to form a new Cabinet either with the Moderates or the Socialists alone. However, political observers predicted that no Blum Cabinet could get the needed majority of 310 votes in the Assembly. This proved to be the case when, on the 21st, Blum went to the National Assembly and failed by 9 votes to receive the Premiership. There was widespread agreement that his failure was caused by his consideration of the Communists and the de Gaulle followers as equal menaces to democracy--thus losing the needed Conservative votes. This ended the efforts of the "third force" or Center group of Socialists, Popular Republicans, and a few Radicals who had maintained that France should be saved from de Gaullists and Communists alike.

The following day (November 22), President Auriol nominated Robert Schuman, Minister of Finance in the Ramadier Cabinet and a member of the Catholic Popular Republican Movement, Premier. He won a vote of confidence in the National Assembly (412 to 184) receiving almost all votes, except those of the Communists and their supporters. While encountering some difficulty in forming a new government, early on the morning of the 24th Schuman announced the composition of his Cabinet -- whose two immediate tasks were to deal with the strikes paralyzing the country, and to enable France to take part in the Foreign Ministers' Conference. Georges Bidault, who retained his post as Minister of Foreign Affairs, was designated to continue as representative at the London meeting.

In presenting his Cabinet, which included Popular Republicans, Radicals, Socialists, and one moderate Independent Republican, Schuman told President Auriol: "We count on the discipline and good-will of all Frenchmen, without which we [cannot] fulfill our mission." This Cabinet, from which Ramadier, Blum, and Reynaud were excluded, represented a compromise between the views of the Socialists supporting a managed economy and those of the new Minister of Finance, René Mayer, a Radical Socialist and an advocate of a return to more liberal economic practices.

Although a call for a general strike on the railways had not become fully effective by the 26th, the walkout was spreading in Paris and throughout the country. Some gas plants in Paris were also strikebound, the transportation of food was cut down, and most post office employees in the capital were not working.

The National Assembly gave the Schuman Government a vote of confidence on November 28. The vote was 332 to 186 with de Gaullists and Conservatives abstaining, reducing the majority of 228 he had received when endorsed for the premiership to 146. Schuman had assured the Assembly that energetic action would be taken on the strike situation before the day was over, saying: "There are measures that are effective only if taken at the right moment. This day will not pass without sure and effective proof of the energy of the Government." The statement of a de Gaullist spokesman, summarizing the attitude of the Rightist elements who had abstained from voting, was:

> "This isn't politics, it's war--and the Communists have already done such a job of dislocating our supplies through cutting communications that their future use of their convenient tool, French labor, has lost some of its importance."

When asked if General de Gaulle would want to take over the position of head of the country under such circumstances, the spokesman said: "Naturally the General would prefer to wait until spring, but he has never refused if needed and he would not refuse now."

After a four-hour Cabinet meeting (28th), the Government announced that it would submit to the Parliament a series of measures to deal with the national strikes. Fifty thousand troops were assigned to guard the railways and signal systems, and the Cabinet accounced that it had decided to ask for parliamentary authorization to recall to active military duty 80,000 additional men. The Premier pressed for the immediate passage by the Assembly of a bill to strengthen the Government by enlarging its police force and enabling it to imprison those who tried to force men to strike or who engaged in or urged sabotage.

Following a thirty-three hour parliamentary struggle, with the Communist members opposed on every point, the National Assembly passed, on November 30, that part of Schuman's strike measure which authorized mobilization for police use of 80,000 military reserve men--amended to read that this power was granted only until March 31, 1948. The vote was 408 to 184, with the Communists in opposition. Debate was scheduled to be resumed on the following day when Schuman was expected to seek adoption of the rest of his measures designed to end the economic crisis.

2. Italy

Announcement of General Elections

The Government announced on November 4 that it would hold a general election on March 7, 1948. This date, a month sooner than had been anticipated, met opposition from left wing parties who maintained that it did not give sufficient time for election campaigning. It was said that these groups wanted more time in which to overthrow the de Gasperi Government before the election.

Communist Campaign Against the Government

Evidences of Communist activity were shown in a wave of political violence, especially in northern Italy. Incidents of the beating of persons opposed to left wing parties, as well as several cases in which bombs and firearms were used, were reported. Believing that this violence might be part of a Communist plan to terrorize voters before the March 7 election, the Government added 10,000 to the Carabinieri [militarized] police.

By November 12, rioting and violence had occurred in Genoa, Milan, and certain other northern towns. This rioting followed a speech in Rome by the Communist leader, Palmiro Togliatti, to the Central Committee of the Communist Party, in which he revealed an "intensification of agitation against the Government, both inside and outside the Constituent Assembly." Government spokesmen in Rome called the situation "serious but not alarming." On the 13th, rioting commenced in Naples; this wave of terror spread to Palermo in Sicily, and throughout Italy on the 14th. There was widespread belief in political circles that these outrages were part of a Communist plan (probably emanating from the Information Bureau headquarters in Belgrade) to force enlargement of the de Gasperi Government to include extreme left-wing parties in its membership. The fear that the Communists were planning some more direct form of action than rioting and strikes was manifested on the 16th when a large military ammunition depot exploded about fifteen miles from Milan. Togliatti speaking in Milan on that day exhorted his followers to "descend into the streets again, if necessary and defend democracy in a much more determined form."

Premier de Gasperi, in a speech delivered at the national congress of the Christian Democratic Party in Naples on November 17, accused the Communists of attempting to sabotage the U. S. aid program, and pledged his country to cooperate with the United States in "the fight for freedom, democracy, and peace." He denied that Italy was a slave of the American Government as the Communists had charged and declared: "As far as I know there is no Americanform as there is a Cominform."

A general strike in southern Italy was called off on the 22nd. Walk-outs elsewhere, however, continued. The situation generally became quieter though as Republicans and Giuseppe Saragat's right-wing Socialists declared themselves willing to enter the de Gasperi Cabinet. By the 24th the last strike in southern Italy had ended. The Communists tried to conceal the fact that many peasants and industrial workers had gone back to work, despite Communist orders to the contrary.

Rumors spread on November 26 that the Communists might attempt to seize power by force, perhaps simultaneously with such a move in France. The Communist Party headquarters in Rome, however, denied that any such coup d'état was planned. Premier de Gasperi, Minister of the Interior Mario Scelba, and Police Chief Luigi Ferrari, after conferring, sent reinforcements and armored cars into cities and zones that were judged to be the most likely objectives of Communist attacks. By the 27th, the tenseness had lessened in Rome although the precautionary measures of the Government remained in force.

Communists and other leftists seized the Prefecture and other Government offices in the City of Milan on the 28th. Thousands of troops entered the city from the industrial suburbs and took over public service facilities. Immediately afterwards Communist Deputy, Giancarlo Pajetta, was proclaimed "High Commissioner" for the city, and a committee representing all the leftist parties was appointed to assist him in running the government. Army generals who met in an emergency council in Milan on November 29 decided not to intervene inasmuch as there was almost no disorder.

Francesco Saverio Nitti, former Premier, in a "Manifesto to the Nation," released on the 29th after weeks of private negotiation in an effort to find some sort of agreement among the differing political groups, warned the country that it was heading toward war. He said: "We are witnessing a continuous and always more dangerous, process of division among the parties and among Italians." On the 30th, three Communist brigades marched for three and one-half hours in Genoa, and the Communist leader Togliatti in l'Unitá, Communist Party newspaper in Rome, asserted that if civil war did break out, the Communists would win.

Postponement of Departure of U.S. Troops

An order of the U. S. Army Department on November 29 deferred the departure of American troops in Italy until the last date permitted by the Italian peace treaty, December 14. It had been announced on November 15 that all American forces would have left Italy by December 3. The view was expressed that this order reflected the anxiety with which the United States Government viewed the Communist-inspired disturbances in Italy.

Italian-Yugoslav Trade Accord

Italian Foreign Minister, Carlo Sforza, and Yugoslav Minister to Rome, Mladen Ivekovitch, signed agreements in Rome on November 28 covering trade exchanges amounting to more than 250 million dollars. One agreement related to short-term exchanges to last for five years, and to the traditional exchanges between the two countries--especially of manufactured goods from Italy, and food and raw materials from Yugoslavia. The second agreement, also for a five-year period, covered the export of machinery and plants from Italy that were considered essential to the Yugoslav Five Year Plan. The conclusion of these agreements marked the first step toward an improvement in Italian-Yugoslav relations, which have been strained over the issue of the Free Territory of Trieste.

Sforza hailed the accord "with joy because it [was] a symbol of a will to peace and understanding ... the first step toward future agreement between our two peoples." Ivekovitch, speaking for Yugoslavia, said:

> "The present agreement of commerce and economic collaboration which we have signed proves that there exist the possibility and necessity of a closer economic collaboration between our two countries. I am convinced that it will tend to a strengthening of peace and democracy in this sector of Europe."

3. Greece

First Report on American Aid Program

The "First Report to Congress on Assistance to Greece and Turkey," transmitted by President Truman for the period ended September 30, 1947, was made public on November 11. The President emphasized that the economic situation in Greece had not basically improved since the original request to Congress on March 12 for American help, pointing out that:

> "... Although economic collapse, which might otherwise have resulted, has so far been averted through the extension of our aid, underlying causes of economic and political unrest remain of grave concern.
>
> "This first period of administration of the act has been largely one of preparation. Missions have been assembled and sent to Greece and to Turkey and are now working with the respective governments of those countries to assure effective and proper use of American aid funds. While many operational steps of major importance have been taken, such as the letting of contracts and the ordering and delivery of supplies, the effects of many of these actions will not be discernible until later in the fiscal year. ..."

The President enumerated "several unfavorable developments" that had affected the progress of the program, particularly in Greece. These included the reduction of the Greek cereals harvest by the general European drought and by guerrilla activities, making necessary more expenditure for food imports than had originally been planned; intensification of military operations, necessitating transfer of funds from the economic to the military program; rising prices "in the United States and elsewhere," reducing the purchasing power of available foreign exchange; and the fact that Greek exports had not "reached as high a level as might reasonably have been expected some months ago."

The main body of the Report treated in detail the development of the aid program. Concerning affairs in Greece, it was noted regarding foreign trade and supply that the entire import and export system was in the process of being "substantially broadened and strengthened" under a Greek Foreign Trade Administration directed by an American employed by the Greek Government. A master schedule of imports was being developed; an inventory had been made of undistributed goods available in the country; and an effort was being made to revive and make more effective normal trade channels, "since it is largely upon these channels that Greece must rely when United States aid is terminated."

In the field of relief, the American Mission was administering not only the Greek aid program but also assistance under the more general relief program enacted by Congress for war-devasted countries. The size of the problem was indicated by the fact that there were 1.4 million indigents in a total Greek population of 7.5 millions. Guerrilla warfare had intensified conditions by impeding and reducing grain collections and

sending refugees into the northern cities. To alleviate the situation approximately 40 million dollars' worth of supplies had already been purchased or contracted for -- these were either distributed directly to the needy without cost or sold under a rationing system, with the proceeds spent for welfare purposes.

Reconstruction plans, improvement in agricultural measures, and the fostering of better health services were among other issues treated in the survey.

Regarding the military program United States Army and Navy groups, aside from the "initial task of determining the types and quantities of military supplies needed," were detailed "to observe the receipt and distribution in Greece of the materials as they [arrived], to assure proper and effective use of the material, and to instruct Greek personnel in the operation of American equipment ... not familiar to them." The Report declared explicitly that there were "no United States combat troops in Greece." It was also pointed out that the Greek ground forces were receiving nearly 90 per cent of the funds designated for the military program. Air fields were being improved for winter conditions to enable the air force to "give tactical support during the winter months to the Greek National Army."

In summarizing the current situation in Greece, it was stated that:

> "While it is too early to claim substantive success in the Mission's work, its very presence in Greece and the material assistance thus far given have been responsible for the fact that Greece is still free and that her people still have a government of their own choosing. ..."

Developments Under the American Aid Program

Foreign Minister Constantin Tsaldaris announced to the Greek Parliament on November 17 that agreement had been reached for the establishment of a joint Greek-American army staff to plan operations against the guerrillas. At a press conference on the following day Dwight P. Griswold, chief of the American Aid Mission, said that the United States had broadened the military authority of the Mission so that not only supply functions but advisory duties could be undertaken. He asserted, however, that the Americans would "have no command function whatsoever."

Also on the 18th, a press report from Athens declared that "a high political authority" had said that differences between Griswold and United States Ambassador Lincoln MacVeagh had been noted in Washington and it was "not unlikely" that Griswold would leave Greece. On the 20th the Greek Government learned that Griswold would remain, having (by threat of resignation) obtained cancellation of a U.S. State Department directive transferring to Ambassador MacVeagh authority for all major decisions. On the next day the State Department issued the following official explanation:

"There have been a number of reports in the press to the effect that friction exists between the American Embassy in Athens and the American Mission for Aid to Greece. During the period immediately following the establishment of the American Mission for Aid to Greece a number of questions regarding the relationship of the two missions arose. On the basis of frank exchange of views and experience these questions have been answered satisfactorily to all concerned. According to official reports received by the Department of State from both missions they are now working in close cooperation. In a telegram dated November 14 Mr. Griswold stressed the fact that there 'has been increasingly close cooperation between the Mission and the Embassy.'"

The possibility that additional aid might have to be extended to Greece was suggested by Acting Secretary of State Lovett at a press conference on November 26, in the following statement:

"Reports from the American Mission for Aid to Greece indicate that several factors affecting the success of the Aid Program have recently emerged which were not envisaged when the Greek Aid Program was presented to Congress:

"1. The guerrilla warfare has resulted in the forced and planned evacuation of 310,000 refugees, who are now crowded in Salonika and other cities in the north of Greece near the guerrilla areas. These refugees are completely without source of livelihood, will not be able to produce on their own farms crops which were a part of the original Greek supply estimates, and are wholly dependent on the state for support. It is estimated that this number may increase to 500,000 by January 1.

"2. Approximately one-third of the Greek wheat crop was lost through the recent drouth.

"3. It has been necessary to allocate nine million dollars from funds earmarked for economic purposes to increased supplies and equipment being furnished the Greek Army.

"4. Increase in world prices has substantially reduced the buying power of Greek Aid Funds.

"5. Availability of funds for Greece under the post-UNRRA relief program will be 10 million dollars less than originally planned.

"The American Mission and the Department are studying carefully the probable effect of these factors on the recovery program in Greece and the possibility of meeting this emergency by re-allocation of remaining Greek Aid funds. This question is also being considered in connection with the participation of Greece in the European Recovery Plan.

"The necessity for the Department's requesting an additional appropriation for the present fiscal year will depend on the outcome of these studies."

United Nations Special Balkan Committee

The United Nations Special Balkan Committee, established by the General Assembly on October 21, held its first meeting in Paris on November 21, after which it went to Athens for a series of closed meetings. Plans were made to establish headquarters in Salonika--from which point groups were to be sent to stations near the border where speedy investigations could be made of frontier violations by guerrillas. The Committee on November 27 requested the Secretary-General to ask the Albanian, Bulgarian, Greek, and Yugoslav Governments to permit the maintenance of observation groups "near and on both sides of" the Greek frontier. Under the rules of procedure adopted by the Committee, the four governments were to be requested to name liaison officers "to supply such information or render such other assistance as the committee may require."

On the 28th the semi-official Yugoslav news agency, Tanjug, reported that a Yugoslav-Bulgarian communiqué of the 27th, which announced a military treaty between the two countries, had declared that the creation of the Balkan Committee was a violation of the United Nations Charter and that neither Bulgaria nor Yugoslavia would cooperate with it.

4. Turkey

First Report on American Aid Program

In President Truman's "First Report to Congress on Assistance to Greece and Turkey," made public on November 11, it was stressed that the program of aid for Turkey was "designed to assist Turkey in increasing her power to resist external aggression by supplying her modern military equipment and technical training in its use." A survey of the situation resulted in recommendations "oriented toward two basic objectives":

> "(1) Improvement of Turkey's economic status in the face of demands of national security, and
>
> "(2) Maintenance of Turkish economic well-being to prevent developments of serious social unrest which might be used by a potential aggressor as an opening for penetration and undermining of Turkish political and economic institutions."

It was felt "that this could best be accomplished by modernizing the Turkish Army so as to facilitate the earliest possible reduction in the amount of manpower and the number of draft animals required for the Army." This, it was hoped, would in turn reduce the economic burden of maintaining the armed forces by increasing their effectiveness "to a point at which Turkey [could] support them without outside assistance."

5. States in the Soviet Orbit

a) Bulgaria

End of Petkov Opposition Group

A communique announced on November 9 that fourteen former deputies of the Agrarian Union, the opposition group headed by the late Nikola

Petkov, had condemned the internal and foreign policy followed in the past and had agreed to support the Fatherland Front Government. Persons who had been traveling in Bulgaria reported on their arrival in Istanbul, Turkey, that Premier Georgi Dimitrov for two weeks had been expelling all opposition leaders from Sofia and sending them with their families to northern Bulgaria.

Bulgarian-Yugoslav Treaty of Friendship

Premier Marshal Tito of Yugoslavia and Premier Georgi Dimitrov of Bulgaria signed an agreement of friendship, collaboration, and mutual assistance in Sofia on November 27. This pact had been decided upon at a meeting of the two men during August at Bled, Yugoslavia. Tito told the Bulgarian people that this treaty was a "foundation" for a future federation.

On November 28, Tanjug, semi-official Yugoslav news agency, disclosed the leading points in the treaty to be:

"1. Both countries will confer on all important international questions and will 'extend to each other immediate military and every other assistance with all the means at their disposal if a third state attacks one of them.'

"2. They will confer on all questions affecting both, and on international questions will act 'in accordance with the United Nations.'

"3. They will conclude no treaties or act against each other.

"4. They will establish the 'closest cooperation' in all social, cultural and economic fields, including the preparation of a customs union."

b) Czechoslovakia

Political Crisis

During the course of the month, the Communist Government continued its campaign to increase control over Czechoslovakian political life. Premier Clement Gottwald exerted strong pressure on the semi-autonomous Government of Slovakia which, until the resignation of the Cabinet there on October 31, had been in the hands of the Slovak Democrats. On November 1 the Democrats repudiated this resignation charging that it had been manouvered by the Communist chairman of the Cabinet, Gustav Husak, when several members were absent.

By November 4, the National Front coalition was reported to be in greater danger of collapse than at any period since 1945, as a consequence of the efforts of Premier Gottwald to bring into a National Front coalition meeting representatives of allegedly pro-Communist organizations of laborers, peasants, and resistance veterans. The National Socialist Party, the second largest political party in the country, the

Catholic People's Party, and the Slovak Democratic Party refused to attend this meeting, declaring that the organizations the Premier was attempting to introduce were merely instruments of Communist policy and "not on the ballot."

At a Cabinet meeting called on the 5th to consider the situation, Gottwald, by a small margin, was granted the power to "start negotiations" for a new cabinet for Slovakia -- a blow to the Democratic Party and to Slovakian semi-autonomy. The official organ of the Czechoslovak National Socialist Party said editorially that:

> "With such practices the democratic system [will] be undermined. The law states that the political representatives of the political will of the people are solely and exclusively the political parties. Therefore no other organizations have the right to decide the trend of our state politics."

After three days of negotiations in Bratislava, the Slovak capital, Gottwald returned to Prague to face a heightened government crisis, made more severe because of his failure to impose on the Democrats in Slovakia his proposal to transfer the authority to appoint delegates to the Slovak Board of Ministers [cabinet] to the central government. Another defeat for the Communist Party came during a meeting of the annual congress of the Social Democratic Party on November 17 when its president -- Moscow-oriented and recognized protector of Communist Party control, Zdenek Fierlinger -- was replaced by the Minister of Industry, Bohumil Lauschman, by a vote of 280 to 182. Although Lauschman was not considered anti-Communist, he had resigned temporarily during September as Minister of Industry as a protest against political pressure by the Communist Party in factories.

Finally, on the 19th, a Slovak Cabinet was set up, in which the Democrats lost three seats, the Communists retained their five seats, two smaller parties received one seat each, and two non-party members gained the others. The Minister of Justice was replaced by a non-party candidate.

President Eduard Benes held a conference on the 21st with the new President of the Social Democratic Party, after which he (Benes) said:

> "I count on the cooperation of all parties and I do not want, to be quite frank, a party as strong as the Communist party to be excluded from anything. I want all of us to reach an agreement and stick to it.
>
> "If in other countries the situation is far worse than it is here, that is due to the fact that prewar conditions were different in this country. Where a dictatorship prevailed before the war, a new dictatorship of another kind is being re-established."

Prague opinion viewed the Benes statement as an evidence of his desire to check the new self-confidence of the non-Communist parties in Czechoslovakia -- in view of the election of the new President of the Social Democratic Party, and of the failure of the Communists to get all their demands in the Slovak Cabinet crisis.

Another evidence of general unrest was indicated in the continuance of political arrests during the month. On the 17th the Ministries of the Interior and National Defense announced the discovery of a conspiracy against the state in the border regions of Bohemia and of the consequent apprehension of thirty-six persons, charged with "military treason." The Ministries issued a statement declaring that most of those accused had "made full admissions" and had been "handed over to the courts." The police in Bratislava on November 18 announced that 206 people had been arrested in an alleged "foreign-directed conspiracy" to revive a separatist Slovak state.

c) Hungary

Alleged Violations of Peace Treaty

On November 7 Ivan Boldiszar, Hungarian Under-Secretary of State, denied the charge of Lord Vansittart of Great Britain that the satellite countries had violated the human rights clause of the peace treaties. Vansittart had introduced in the House of Lords a motion declaring:

> "...that in view of persistent violation by the Soviet satellites of their obligations to secure the enjoyment of human rights and of the fundamental freedoms...the treaties recently concluded with them should be reconsidered."

Boldiszar said in defense of his country:

> "Hungary has never violated conditions of the peace treaty either before or after ratification. On the contrary it is the aim of the government to strengthen the country and to enable it to become a useful member of the society of democratic countries.
>
> "Hungary respects human rights and freedoms which are laid down in the Constitution of the Hungarian Republic. We are not likely to abolish the basis of the Constitution for which we have had to fight against our pre-war regimes."

Flight of Independence Party Leaders

On the 11th of November Ferenc Sz. Nagy, Secretary of the Independence Party, who had fled from Hungary, stated in Vienna that he had left his country to avoid "certain arrest by the Communist-dominated police." Meanwhile, Zoltan Pfeiffer, former anti-Communist leader in Hungary, ex-head of the Independence Party and former Under-Secretary of the Ministry of Justice who escaped from Soviet Union police in Budapest on November 4, arrived in the United States on the 12th. He told newsmen that conditions in Hungary were "almost impossible to stand" because of the presence of citizens of the Soviet Union there, adding that "there are two things the people of Hungary can do. One, they may escape from their country, or, two, they can lie flat in the moors and give up entirely; that is the choice." He said that the Marshall Plan if coordinated with "a determined policy on the part of the United States" might save Western Europe from Soviet domination.

Parliament Adjournment

The Parliament voted to adjourn indefinitely on November 21 after having passed measures which included: (1) a bill providing for the nationalization of the Hungarian National Bank and other "first category" banking institutions; (2) a bill suspending the parliamentary immunity of a former Right Wing Socialist, Charles Peyer, who had disappeared from Budapest and who was charged with furnishing information to United States Army authorities; and (3) acceptance of the verdict of an electoral court to "oust" deputies belonging to the Independence Party, formerly headed by Zoltan Pfeiffer.

d) Poland

Flight of Mikolajczyk

Following his disappearance in October, the Peasant Party leader, Stanislaw Mikolajczyk, appeared in London on November 3, having escaped, as he termed it, being "shot and killed like a sheep" by the Communist-dominated Polish Government. He told newsmen that his country was facing more complete Communist control, and that "more and more pressure" would be applied as a result of the formation of the Cominform. The influence of the United States in the satellite nations, he pointed out, had been weakened by Communist propaganda to the effect that the United States was planning a new war. Concerning the Catholic Church, Mikolajczyk said: "We often hear of charges being manufactured against priests for association with the underground, but...the church has never enjoyed such enthusiastic support from the people as it does now."

On November 15 the Polish Sejm [Parliament] proclaimed that Mikolajczyk was "guilty of treason against the Polish State and nation," and therefore deprived him of his seat in Parliament. The Sejm also asked the Government to remove his Polish citizenship. These actions were taken during a special session called to hear the report of the commission that had investigated the Mikolajczyk escape. The Council of Ministers announced on the 22nd that citizenship rights had been taken from the escaped Peasant Party leader.

Leaving England, Mikolajczyk reached the United States on November 26th, and on the following day gave an interview to the press in the course of which he commented:

> "At present neither my country nor my people are independent. There is no democracy and the country is ruled by a totalitarian communist dictatorship which in Poland is called 'red fascism.' This dictatorship has deprived man of his individual liberty and tries to make him a slave worker. It undermines the economic life of the country and restrains its development and rehabilitation.
>
> "I believe that making it known to world opinion will serve not only the oppressed Polish people, but will also serve the cause of democracy the world over. I believe also that we, political immigrants, will find here not only understanding and hospitable reception, but that together with you we will take part in the struggle

in order that freedom, justice and true democracy may finally reign all over the world."

e) Rumania

Conclusion of Maniu Trial

The trial of seventy-five year old Juliu Maniu, Peasant Party leader, and his co-defendents on treason charges continued into the early part of November. On the 4th, the Government asked the maximum sentence of life imprisonment--as the Rumanian Constitution makes provision only for the death penalty in instances of war criminals, with the specific approval of the King. As this trial drew toward its conclusion, there were indications that the next in line for Communist attack was George Tatarescu, Independent Liberal Party leader and Vice Premier and Foreign Minister. On the 5th, the Parliament in extraordinary session voted a lack of confidence in Tatarescu by 187 to 5--a vote allegedly based on disclosures during the Maniu trial. The following day the Groza Government dismissed Tatarescu and three of his National Liberal Party colleagues with Cabinet portfolios. Mme. Ana Pauker, long-time Communist Party leader and one of the two Rumanians who had attended the conference in Poland to set up the new Cominform, was appointed Foreign Minister on November 7.

At the conclusion of the Maniu trial on the 10th, the accused told the court:

"I deny with indignation all the charges. It cannot be expected from us to prove in a negative way what is not proved affirmatively. It is not easy for me ... to hear today that I am a traitor, spy, conspirator... ."

The Bucharest military tribunal found Maniu and Ion Mihalache, Vice President of the Peasant Party, guilty of treason and, on the 11th, sentenced them to life imprisonment, along with two other Rumanian political leaders who had fled the country. The others on trial received varying prison terms; none was acquitted.

At his press conference on November 12, U. S. Secretary of State Marshall said of the trial:

"The views of the United States Government concerning the denial of human rights in Rumania through the arbitrary arrest and inhuman treatment of Rumanian opposition elements have been expressed in several statements given to the press during recent months. The trial which has just concluded conforms to the general pattern of all such political trials in that area (notably the judicial travesty of the Petkov trial in Bulgaria) whose evident purpose is to eliminate every vestige of democratic opposition to the Communist-dominated régimes. The stature of Mr. Maniu as an outstanding champion of democratic ideals in Eastern Europe over many years, is unaffected by the sentence which has been imposed on him."

Allegations of United States interference in Rumanian affairs made in the Maniu trial, together with the rumor that diplomatic relations

would be broken off between the two nations, led Premier Groza to say in an interview on the 17th:

> "I do not think that a conflict between detectives and informing agents of two different countries should result in the breaking-off of diplomatic relations or in the beginning of a new war. God save us from another war!"

Two days later (19th) the text of a note delivered by the United States Minister to the Rumanian Ministry for Foreign Affairs on November 14--in which the attitude of the United States Government on these charges was stated--was made public. It said in part:

> "...It has come to the attention of the United States Government that the indictment of the leaders of the National Peasant Party of Rumania recently tried includes charges that former representatives of the United States in Rumania or American members of their missions were implicated in an alleged conspiracy to overthrow the Rumanian Government by force and violence. The Government of the United States has taken note of these accusations, not only as to their substance but also as to their character and as to the manner in which they have been put forward, which in itself affords eloquent commentary on their political motivation and insincerity.
>
> "The United States Government deems it unnecessary and inappropriate to dignify by specific refutation charges presented in this fashion which falsely insinuate that the Government of the United States through its representatives has advocated or lent support to a contemplated attempt at overturning the Rumanian Government by force.
>
> "By virtue of United States participation in the agreements of Yalta, Potsdam and Moscow and in the exercise of United States prerogatives as an Armistice Power, American representatives, for legitimate purposes, have maintained associations with representatives of all significant political elements in Rumania. Such associations have been known to all and have properly been questioned by none.
>
> "The United States has never condoned the unrepresentative character of the present Rumanian Government nor the methods by which it attained and has perpetuated its authority. The views and efforts of the United States, in conformity with its responsibilities to assist Rumania in obtaining a broadly representative Government responsive to the will of its people are a matter of public record. So also are the views of the United States Government concerning the denial of human rights and fundamental freedoms to large segments of the Rumanian population in contravention of international commitments made by the Rumanian Government.
>
> "The Rumanian people as well as free people everywhere will know how to assess the kind of implications directed against the Government of the United States which have been brought forward in this devious fashion."

On the 23rd the Rumanian Government, in the first note sent by Ana Pauker since her assumption of the post of Minister of Foreign Affairs, rejected the United States protest. The text of the reply stated:

> "In conformity with its policy of safeguarding the independence and national sovereignty of the Rumanian state, the Rumanian Government cannot admit that the acts of the courts or constitutional bodies of the Rumanian state shall be the object of discussions or debate with a foreign power.
>
> "Accusations contained in the indictment in the trial of leaders of the former National Peasant party with respect to the part played by certain former representatives of the United States of America in Rumania or by some of the American members of the United States missions in preparing for the overthrow by violence of the Rumanian Government and democratic régime in Rumania originate in statements that were made by the defendants, in documents found in their possession and acknowledged by them, and in acts that were admittedly committed by them.
>
> "All these accusations were shown to be well founded by public disclosures made at the trial of the leaders of the former National Peasant party.
>
> "Attached as it is to the guiding principle of the Yalta, Potsdam and Moscow agreements, the Rumanian Government cannot consider as legitimate the associations and actions of the nature of those established at the trial, actions that were directed against the Government and democratic régime in Rumania.
>
> "The Rumanian Government considers it futile to refute specifically the note's evaluation of the character of the Government which the Rumanian people, inspired by their struggle for liberty, independence and national sovereignty, have elected by the free expression of their own will."

6. Iran

Status of Soviet-Iranian Oil Negotiations

In response to notification that, during October, the Iranian Parliament had ruled the oil concession negotiations with the Soviet Union null and void, Premier Ahmad Ghavam (Iran) received a note from the Soviet Union on November 20 charging that Iran had been guilty of "hostile activity ... incompatible with normal relations between the two nations" and declaring that Iran must take responsibility for "the consequences of its actions." Iran was accused of "treacherously violating obligations and gross discrimination," the latter charge being elaborated by the statement that: "The Soviet Government cannot pass by the fact that the decision of the [Parliament], while British concessions in the south of Iran are being preserved, is an act of rude discrimination against the U.S.S.R."

These declarations were rejected as "unreasonable" by Ghavam in a note made public on the 24th which said that the law did not permit him

to discuss oil concessions with foreigners. He told of his personal report to Parliament on the agreement and negotiations, and said that he had thereby fulfilled his promise.

An article entitled: "Representatives of the Iranian People or American Lackeys?" which appeared in the November 30 issue of the Soviet trade union newspaper, Trud, carried a charge of American involvement in the Soviet-Iranian oil question. The account affirmed that United States Ambassador to Iran George V. Allen had instructed the Parliament to reject the agreement.

7. China

United States Aid Program

The State Department announced on November 4 that 27.7 million dollars had been allocated "for the purchase and shipment of urgently needed relief commodities for China under the United States foreign relief program pursuant to terms of the relief agreement between the United States and China signed on October 27, 1947."

On November 10, in his statement to the joint session of the Senate Foreign Relations Committee and the House Foreign Affairs Committee, Secretary Marshall said that further economic aid was contemplated. His observations follow:

> "The situation in China continues to cause us deep concern. The civil war has spread and increased in intensity. The Chinese Communists by force of arms seek control of wide areas of China.
>
> "The United States and all other world powers recognize the National Government as the sole legal government of China. Only the Government and people of China can solve their fundamental problems and regain for China its rightful role as a major stabilizing influence in the Far East. Nevertheless we can be of help and, in the light of our long and uninterrupted record of friendship and international cooperation with China, we should extend to the Government and its people certain economic aid and assistance. A definite proposal is under preparation for early submission."

On the 11th, Secretary Marshall told the Senate Foreign Relations Committee that of an approximate total of 2.657 billion dollars which would be required for foreign aid before June 30, 1948, it was estimated that 60 million would be needed for interim aid to China, and that a total of 300 million would be needed through the fiscal year 1949. Under Secretary Lovett advised the Committee that the program for China was still being prepared and would be ready for presentation prior to the regular session of Congress but not during the present session. Secretary Marshall expressed the view that there was a considerably better basis on which to rebuild the economy in Europe than there was in China, where 70 to 80 per cent of the budget was for military expenditure. Moreover, he pointed out that, although the United States had been trying to induce the Chinese Government to present constructive proposals since May, their efforts had been fruitless.

Chinese leaders indicated on November 14 that 300 million dollars would be quite inadequate to afford material assistance to their country. Minister of Economic Affairs Chen Chi-tien said that it would be insufficient to check the Communists; that if they (the Communists) were to be prevented from seizing "not only Manchuria and north China but the rich Yangtze Valley as well," 3 billion dollars would be needed in three years. Vice President Sun Fo expressed similar views.

The House Foreign Affairs Committee tentatively agreed on November 25 to include 60 million dollars for aid to China in its interim aid bill, in order "to make available to the State Department," according to one member of the Committee, "the approximate amount it had recommended as needed for China for the remainder of the fiscal year."

Progress of Civil War

Early in the month the Communists continued their drive in the region of the Changchun-Kirin railroad but the Government sent strong reinforcements to the area and by November 15 Chiang Kai-shek was able to tell the State Council that the Communist offensive in Manchuria had miscarried. However, the Communists opened strong attacks on several other fronts. Toward the middle of the month, they had succeeded in capturing the important railroad junction of Shihkiachwang, in Hopeh Province, while a large force was massed in Central China, along the Lung-Hai railroad to the north of the Yangtze River. By the end of November, the army which had captured Shihkiachwang was pushing northward along the railroad to Paotung, the gateway to Tientsin and Peking, Communist troops were still entrenched in the Yangtze valley, and attacks against Nationalist forces were being carried out in Shantung Province, along the Peiping-Mukden railroad, and on other smaller fronts. Reports indicated that the Communists still held the initiative on most of these fronts, while the Government was hampered by the necessity of constantly redeploying its troops as a result of the co-ordinated offenses of its opponents.

National Assembly Election

Elections for the National Assembly which, according to the Constitution, was to be convened for December 25, were held from November 20 to 23. It was estimated that only about one-tenth of the electorate of 1.5 to 2 hundred million voted. Little interest was reported being shown in the results since the constitution of the Assembly had already been decided in negotiations between the parties before the elections. Final results had not been announced as the month ended, but accounts said that early returns indicated a landslide victory for the Kuomintang.

8. Spain

General Assembly Action

The Political and Security Committee of the General Assembly reopened discussion on November 10 on the problem of the relationship of United Nations members with Franco Spain. After the presentation of a number of draft resolutions and considerable debate on the issue, the Committee (by a vote of 29 to 6, with 20 abstentions) reaffirmed on the

12th the General Assembly resolution of December 1946. This had censured the present Spanish Government, had called for the withdrawal of chiefs of diplomatic missions, and asked the Security Council to act if an acceptable government were not set up in Spain "within a reasonable time." Although it had voted for such a motion in 1946, the United States currently abstained, the U. S. delegate explaining:

> "...We do not favor the United Nations imposing economic sanctions with respect to the present situation, and, therefore, we cannot vote for a reaffirmation of a recommendation to the Security Council that it take measures to remedy the situation, which measures, to be effective, would be economic measures."

On the 18th the full Assembly (36 to 5 with 12 abstentions) adopted the resolution without the provision that reaffirmed the December 1946 resolution condemning the regime and calling on all members of the United Nations to recall their ambassadors from Spain. This clause failed to receive the necessary two-thirds vote. The five major powers concurred in the passage of the resolution as adopted which merely noted the steps taken by members in carrying out the earlier resolution, and expressed the confidence of the Assembly that the Security Council would "exercise its responsibilities under the Charter as soon as it considers that the situation in regard to Spain so requires." Argentina, Costa Rica, the Dominican Republic, El Salvador, and Peru voted against the resolution as a whole. The Byelorussian delegate spoke strongly for the entire resolution, favoring the complete cessation not only of diplomatic but also of economic relationships with Spain by all members of the United Nations.

9. India and Pakistan

Differences Between India and Pakistan

During November, relationships between the sovereign states of India and Pakistan came to a virtual stalemate. In a broadcast from New Delhi on November 2, Premier Jawaharlal Nehru of India made the suggestion that the United Nations should undertake the supervision of a referendum in Kashmir to determine whether this Princely State should ally itself with India or Pakistan. He referred with bitterness to alleged Pakistan support of Moslem tribesmen and insurgents fighting Indian troops there, thus pointing up sharply the most serious breach between the new nations to date. The Premier said in part:

> "It must be remembered ... that the struggle in Kashmir is a struggle of the people of Kashmir against the invaders. Our troops are there to help in this struggle and as soon as Kashmir is free from the invader our troops will have no further necessity to remain there and the fate of Kashmir will be left in the hands of the people of Kashmir. ..."

Just before Nehru's broadcast, an "unimpeachable" source asserted that Mohammed Ali Jinnah, Governor General of Pakistan, was not disposed to act against the tribesmen invading Kashmir through Pakistan or to permit a plebiscite under existing conditions. An exchange of telegraphic notes

between the two dominions was reported on the 4th, in which each accused the other of breaches of "international conventions" by violations of neutrality in connection with the fighting in Kashmir.

On the 12th, the Joint Defense Council of India and Pakistan announced that the British Government would close the Supreme Commander's headquarters on November 30 instead of April 1, 1948, as had been anticipated. This change in date was recommended by the Supreme Commander, Field Marshal Sir Claude Auchinleck. In the announcement it was stated that:

> "His reasons for this recommendation [were] that it was becoming impossible for him and his officers to discharge their task of reconstituting the former armed forces of British India into new and separate forces for India and Pakistan because of the absence of the necessary spirit of good-will and cooperation between the principal parties concerned..."

However, speaking in London on the 14th, Lord Mountbatten asserted that 97 per cent of the Indian people were living peacefully and quietly. He said: "That's not news. News is what is going badly." Concerning the disorder that faced Nehru when he became Prime Minister, Mountbatten pointed out: "It was enough to try any young Government, but Mr. Nehru and his Government rose above it."

India's Constituent Assembly met for the first time on the 17th as the sovereign legislature of the Indian Dominion, and elected G. V. Mavalankar, long-time Congress Party leader, as its speaker. Of 290 members, 220 attended, but only 14 of the 30 Moslem representatives were present. These, together with about 30 independent (non-Congress) members, were the only Opposition in the new Assembly. This body had been set up to draft a constitution at a time when it was hoped that the Moslems would join in some sort of federal state, and it had been converted for the time being into a parliament to pass needed legislation for the Indian Dominion. In his address before the opening session, Prime Minister Nehru declared that since its last meeting India had "seen a great change in the fate and face of our country." He continued:

> "We meet today in a new capacity, that of a sovereign legislative body. We meet as representatives of an independent India. We meet, I regret to say, as representatives of not the whole of India as we have known it but minus a part of it.
>
> "Not only have great and historic changes taken place, but during the last few months other events have happened which have brought shame to our country and to us. Nevertheless, we have to face these and overcome them, but the problems that face us are colossal in their magnitude."

By the last week in November, it was apparent that a stalemate existed in the relations between the two dominions, with neither wanting to make a move for fear it would weaken its position. This stalemate applied to the Indian States, especially to Kashmir and Junagadh, and to matters of customs, railways, banking, and commerce. Pakistan demanded

that Indian armed forces be withdrawn from Kashmir at once, while Pakistan would try to persuade the raiders to leave at the same time. It was unwilling to carry on negotiations until this had been accomplished. The Indian Government, on the other hand, took the view that it could not remove its troops until the raiders had been expelled.

Nehru on the 25th of November, in an address to the Constituent Assembly, accused "high officials of the Pakistan Government of complicity in the invasion of Kashmir and Jammu," asserting:

> "We have sufficient evidence in our possession to demonstrate that the whole business of the Kashmir raids, both in Jammu Province and in Kashmir proper was deliberately organized by high officials of the Pakistan Government. They helped the tribesmen and ex-servicemen to collect, they supplied them with lorries, with petrol and with officers. They are continuing to do so. Indeed, their high officials openly declare so."

The Government of the Princely State of Hyderabad announced on the 28th that a "standstill agreement" would be executed in London on the following day, that would freeze for a year the relationship between Hyderabad and the Indian Dominion. Hyderabad's ruler, the Nizam, was a Moslem, but its 16 million inhabitants were largely Hindus. The Nizam had maintained the independent status of his state up to the time of this agreement.

10. South African-Indian Controversy

General Assembly Action

The Political and Security Committee of the General Assembly on November 12 reopened consideration of the South African-Indian controversy, involving what India considered to be discriminatory treatment of its nationals in the Union of South Africa. On the 17th, an Indian resolution requesting South Africa, India, and Pakistan to begin conferences on the subject was adopted by the Committee (29 to 16, with 5 abstentions). The acceptance by the Indian delegation of a Mexican amendment, eliminating from the Indian resolution a clause expressing regret at the South African refusal "to accept the implementation of the resolution of the General Assembly dated 8 December 1946 as a basis of discussion with the Government of India, and at its failure to take any other steps for such implementation," made possible the acceptance of this resolution. Among those who opposed the measure as adopted were the United States and Great Britain--the former in the belief that an entirely new approach would be desirable since the 1946 resolution had failed to bring about a solution; and the latter in the fear that the resolution would prevent the two governments from meeting in conference to settle their differences.

On the 17th, the Committee also defeated a joint resolution presented by the Governments of Belgium, Brazil, and Denmark, expressing the wish that if India and South Africa failed to reach an agreement by direct negotiation, they would submit the dispute to the International Court of Justice. In the full General Assembly meeting of the 20th, this resolution (favored by South Africa) was reconsidered but defeated (29 to 24, with 3

abstentions). The Assembly also voted on the Indian resolution. The vote was 31 to 19, with 6 abstentions--thus failing to obtain the two-thirds majority necessary for adoption.

11. International Convention on Human Rights

United States Proposal

At its opening session on November 25, Jonathan Daniels, the United States delegate to the subcommission of the Economic and Social Council dealing with problems of human rights and discriminations against minorities, told the gathering:

> "There is a time of hope in the United States following the report of the President's Committee on Civil Rights. But I think we ought to recognize that in the world there is a good deal of skepticism about this subcommission's ability to do anything about these problems."

Daniels presented four United States proposals, three of which were procedural and the fourth a recommendation to the Secretary-General on educational programs in the fields of minorities and human rights. The Soviet delegate presented a long statement at this opening meeting in which he described the progress of his country in developing formerly backward minorities, in advancing education, the equality of women, the removal of religious discrimination, and the establishment of equality before the law.

On November 30, there was presented to the subcommission a United States draft of a "Proposal for A Declaration of Human Rights" (intended for consideration by the General Assembly in September 1948), the text of which follows:

> "WHEREAS, by the Charter of the United Nations all members affirm their faith in the dignity and worth of the human person and pledge themselves to cooperate in promoting respect for human rights and fundamental freedoms for all.
>
> "NOW, THEREFORE the General Assembly of the United Nations resolves to set forth in a solemn declaration these essential rights and fundamental freedoms of man, and calls upon the peoples of the world to promote the rights and freedoms hereby proclaimed.
>
> "ARTICLE 1: Everyone is entitled to life, liberty, and equal protection under law.
>
> "ARTICLE 2: Everyone has the right to freedom of information, speech, and expression; to freedom of religion, conscience, and belief; to freedom of assembly and of association; and to freedom to petition his Government and the United Nations.
>
> "ARTICLE 3: No one shall be subjected to unreasonable interference with his privacy, family, home, correspondence or reputation. No one shall be arbitrarily deprived of his property.

"ARTICLE 4: There shall be liberty to move freely from place to place within the state, to emigrate, and to seek asylum from persecution.

"ARTICLE 5: No one shall be held in slavery or involuntary servitude. No one shall be subjected to torture, or to cruel or inhuman punishment or indignity.

"ARTICLE 6: No one shall be subjected to arbitrary arrest or detention. Anyone who is arrested has the right to be promptly informed of the charges against him, and to trial within a reasonable time or to be released.

"ARTICLE 7: Everyone, in the determination of his rights and obligations, is entitled to a fair hearing before an independent and impartial tribunal and to the aid of counsel. No one shall be convicted or punished for crime except after public trial pursuant to law in effect at the time of the commission of the act charged. Everyone, regardless of office or status, is subject to the rule of law.

"ARTICLE 8: Everyone has the right to a nationality. Everyone has a right to take an effective part in his government directly or through his representatives; and to participate in elections, which shall be periodic, free and by secret ballot.

"ARTICLE 9: Everyone has the right to a decent living; to work and advance his well-being; to health, education and social security. There shall be equal opportunity for all to participate in the economic and cultural life of the community.

"ARTICLE 10: Everyone, everywhere in the world, is entitled to the human rights and fundamental freedoms set forth in this declaration without distinction as to race, sex, language, or religion. The full exercise of these rights requires recognition of the rights of others and protection by law of the freedom, general welfare and security of all."

B. TREATMENT OF NON-SELF-GOVERNING PEOPLES

Action in the General Assembly

When the General Assembly undertook consideration on November 1 of the report and resolutions of the Trusteeship Committee which had been debated during the previous month, several of the Committee's decisions were reversed. Regarding five resolutions which had been drawn up by the Ad Hoc Committee (created in 1946 to make recommendations concerning information from non-self-governing territories) two received unanimous endorsement. One requested members to make information submitted to the United Nations on non-self-governing territories as complete as possible and provided a standard form for guidance in preparing the information. The second authorized the Secretary-General to utilize specialized agencies

in preparing analyses of information submitted. The other three resolutions were strongly opposed and, when voted upon on November 3, the resolutions as amended in the Trusteeship Committee were rejected and the three original versions of the Ad Hoc Committee were approved by the Assembly.

The first resolution, as adopted by the Assembly, authorized the Secretary-General to use supplemental documents "for the purpose of comparison," with no specification as to what areas should be compared, in contrast with the Committee version containing a Soviet amendment to limit comparisons to "non-self-governing territories and their metropolitan areas." The second of these three resolutions dealt with the transmission of political information. As submitted by the Committee it "recommended" the transmission of such information. However, after lengthy debate, in which the speakers reiterated the arguments they had advanced in the Committee, the Assembly adopted the original form which "duly noted and encouraged" transmission of political information concerning non-self-governing territories. The third of the debated resolutions would have created a permanent special committee to examine the information submitted to the United Nations on the subject of non-self-governing territories. The Assembly amended this resolution to form an Assembly committee rather than a special committee. This completed General Assembly action on the report of the Trusteeship Committee.

1. Burma and Ceylon

Independence Bills

Further steps were taken by Great Britain during November to bring about the independence of two of its colonies--Burma and Ceylon.

The British House of Commons, by a vote of 288 to 114, approved on November 5 the second reading of the Burma Independence Bill -- despite the bitter opposition of Conservative leader Winston Churchill, who called U Saw and U Aung San, Burmese negotiators, "quislings."

On November 14, the passage of the bill was completed in the House, with approval by the House of Lords necessary before the bill becomes operative.

In line with a statement of British Government policy made in June concerning Ceylon, the Secretary of State for Colonies Creech Jones, on November 13 introduced a Bill in the House of Commons to confer upon Ceylon "fully responsible status within the British Commonwealth of Nations." Creech Jones told the Parliament that when agreements on a number of subjects had been concluded in terms acceptable to the British and Ceylon Governments, the Ceylon constitution would be amended so as to confer upon that country the proposed status.

The bill would amend the Order in Council of 1946, to give Ceylon the status of a fully self-governing member of the Commonwealth--one of the changes proposed being to abolish the powers reserved to the King to make laws for Ceylon in matters affecting defense and external affairs. Another suggested change concerned the replacement of the Governor with a Governor-General, to function in accordance with the constitutional conventions

applicable to the exercise of similar powers and functions by the King in Great Britain.

On November 21, the bill passed its second reading in the House of Commons without opposition. At that time Creech Jones told the members of Parliament that the following week the new parliament in Ceylon would convene--where full cabinet responsibility under a Prime Minister had been set up, and where the government was responsible to a bicameral parliament.

2. Indonesia

Action by the Security Council

At a meeting on November 1 the Security Council, by a vote of 7 to 1, adopted the amended United States' resolution (of October 22) for action on the Indonesian case. The Polish representative voted negatively, while the Soviet Union, Columbia and Syria abstained. This resolution, as revised by a subcommittee to include Australian, Belgian, and Chinese amendments, read in part:

> "The Security Council, having received and taken note of the report of the Consular Commission dated October 14, 1947, indicating that the Council's resolution of August 1, 1947, relating to the cessation of hostilities has not been fully effective;
>
> "Having taken note that according to the report no attempt was made by either side to come to an agreement with the other about the means of giving effect to that resolution;
>
> "Calls upon the parties concerned forthwith to consult with each other, either directly or through the Committee of Good Offices as to the means to be employed in order to give effect to the cease-fire resolution and, pending agreement, to cease any activities or incitement to activities which contravenes that resolution, and to take appropriate measures for safeguarding life and property. ..."

The Security Council further requested the Consular Commission to make its services available to the Committee of Good Offices.

On the 4th, the United Nations released a statement by the Committee of Good Offices replying to questions asked of the Committee about the parties in the dispute and concerning the responsibilities and functions of the Committee. This stated:

> "1. The Committee of Good Offices on the Indonesian Question considers it as among its first duties to take note of all the wishes of the parties and also to take note of any suggestions either party would wish to make.
>
> "2. The Committee desires to make it clear that it is ready, for its part, to make suggestions to the parties if and when the Committee is requested to do so by the parties. In particular, the Committee would be prepared, if and when so requested by the parties,

to offer its suggestions to the parties on appropriate procedures or methods of adjustment."

A memorandum prepared by the Committee appointed provisionally by the Lieutenant Governor-General to represent the Netherlands Government had been presented to a private meeting of the Committee of Good Offices on November 1 in Batavia. This memorandum urged that a suitable atmosphere was essential to the carrying on of discussions leading to a peaceful settlement of the dispute, and suggested proposals which it considered helpful to the creation of such an atmosphere.

The Committee of Good Offices sent word from Batavia on November 7 that the two disputants had agreed to hold "substantial" discussions on a ship to be obtained under Committee auspices -- the United States representative being asked if his government could provide such a vessel.

Representatives of the Committee of Good Offices met with the special committees of the Governments of the Netherlands and of Indonesia in Batavia on November 15 to attempt to implement the Security Council Resolution of November 1. This had called on the two disputants to consult with each other, either directly, or through the Committee of Good Offices to make the cease-fire order effective. At the request of both special committees, the representatives of the Good Offices Committee agreed to discuss with the Committee arrangements for broadcasts from Batavia and Jogjakarta by Committee members, for the purpose of acquainting the Indonesians with the functions and aims of the Committee of Good Offices and the special committees. On the 22nd, the Committee of Good Offices announced that the United States Government had informed it that the Navy Transport USS Renville would be made available in connection with holding discussions between the Governments of the Netherlands and Indonesia.

3. Palestine

General Assembly Action on Partition

On November 3 Subcommittee I of the Ad Hoc Committee on the Palestinian Question, dealing with the majority proposals for partition contained in the report of the Special Committee on Palestine, heard the Soviet Union's objections to the United States suggestion put forth on October 31. The first objection was against the suggestion that the British mandate should continue until the two states became independent, with no transitional period as recommended in the report. It was felt that Great Britain, having stated that they did not feel able to implement any settlement not acceptable to both the Jews and Arabs, would hinder the solution of the problem which the subcommittee was engaged in working out. The second objection was against the lack of power for the proposed General Assembly commission, which was limited to giving assistance to the British High Commissioner and, it was charged, "would only be a screen...for the activities of the mandatory power's administration."

Soviet proposals for implementing partition included the following points: that the British mandate should be terminated on January 1, 1948, and British troops withdrawn not later than three or

four months after that date; that there should be a transition period, not longer than a year, between the termination of the mandate and the proclamation of independence of the two states; and that during the transition period Palestine should be administered by a special commission responsible to the Security Council.

An informal working group was organized on the following day, composed of Canada, Guatemala, the United States, and the Soviet Union, to coordinate the plans for implementing partition that had been put forth and to reconcile the differences between the plans of the United States and the Soviet Union. With the Canadian representative taking the lead in suggesting compromise proposals, the working group came to agreement on November 10 on the following plan:

> The British mandate would end May 1, 1948 and British forces withdraw by that date.
>
> The Arab and Jewish states would come into independent existence July 1, 1948, or earlier, as a United Nations commission recommends and the Security Council approves as desirable and practicable.
>
> The commission would be appointed by the General Assembly and would consist of three to five small powers favoring the partition plan. It would implement measures recommended by the General Assembly, with the recommendations expected to take into account the report of the Special Committee on Palestine as well as other proposals.
>
> The commission would assist the mandatory until the termination of the mandate and would be responsible for administration during any transition period--acting under the authority and guidance of the Security Council and by recommendations of the General Assembly.
>
> Great Britain would be requested to continue responsibility for maintenance of law and order during the time between the Assembly's adoption of the resolution and the termination of the mandate.

The reaction of Great Britain to this plan was disclosed on the 13th when the subcommittee heard a statement by the British representative, who said in part:

> "There are two aspects of this withdrawal, the military and the civil. On the military side, every effort is being made to reduce to a minimum the period required for the operation. ...I am authorized to state ... that our authorities have been directed to plan for the evacuation to be completed by the 1st August, 1948.
>
> "So long as British troops remain in any part of Palestine, they must of course maintain law and order in the areas of which they are still in occupation. I am instructed, however, to make it clear that British troops would not be available as the instrument for the enforcement of settlement in Palestine against either Arabs or Jews. ..."

Following this statement the working group reconsidered the proposals before them and, on November 17, approved a plan embodying revisions as follows:

The mandate to terminate on a date agreed to by the mandatory and commission and approved by the Security Council, but not later than August 1, 1948.

Independent Arab and Jewish states to come into existence two months after the evacuation of British forces.

The period between General Assembly adoption of the proposals and the establishment of the independence of the two states to be a transitional one.

A progressive transfer of responsibility and governmental functions from the mandatory to the provisional councils and the joint economic board to be carried out.

In the period between General Assembly adoption of the recommendations and the termination of the mandate, the mandatory power to maintain order and direct the main public services in so far as these matters had not been placed under the direction of the commission, the provisional councils, and the economic board.

After further study by the subcommittee on questions pertaining to immigration, the administration of Jerusalem, and boundaries, the work of the two subcommittees was completed and on the 19th their reports presented to the Ad Hoc Committee on Palestine.

The partition plan drafted by the first subcommittee called for termination of the mandate not later than August 1, 1948 and the establishment of the two independent states not later than October 1, 1948, with Jerusalem and its environs to be administered by a special international regime. Also, under the plan, a United Nations commission (composed of Guatemala, Iceland, Norway, Poland, and Uruguay), supervised by the Security Council, would have responsibility for administration during the transitional period and for the demarcation of the boundaries. Great Britain was enjoined not to obstruct the commission's work, and was directed to provide for progressive transfer of governmental functions to the new bodies set up by the commission. Great Britain was also asked to endeavor to provide that an area within the territory of the Jewish state, including a seaport and hinterland adequate to furnish facilities for substantial immigration, be evacuated as soon as possible and not later than February 1, 1948. Provisions were included for forming democratic governments in the two states, for the civil and religious rights of the inhabitants, and for setting up the economic union recommended in the report of the Special Committee on Palestine.

The second subcommittee, consisting exclusively of Moslem states (after the withdrawal of Colombia), presented a report in three parts. The first section treated the legal issues involved and recommended that opinions be sought from the International Court of Justice on various points, including the validity of the Balfour Declaration and the competence of the United Nations to intervene in Palestine. Part two concerned the relief of Jewish refugees and displaced persons which, although not considered relevant to the Palestine problem, had complicated the issue.

A quota system was recommended under which members of the United Nations would be made responsible for accepting a share of nonrepatriable refugees. The third part of the report, rejecting partition as "legally objectionable, politically unjust and economically disastrous," proposed a future government of Palestine based on the fundamental principle of a unitary state.

On the following day (the 20th) at a meeting of the Ad Hoc Committee, the British representative delivered an additional statement "to make clear the extent to which the role assigned to my Government by Subcommittee I is compatible, and beyond which it is not compatible, with the declared intentions of my Government." To the proposal that the United Nations commission should be responsible for the administration of Palestine during the transitional period, which was to begin with the adoption of recommendations by the General Assembly, he said:

> "I am ... instructed to leave the committee in no doubt that, so long as my government continue to hold the mandate for Palestine, they must insist upon their undivided control of that country."

Great Britain also reserved the right to relinquish the mandate at any date it might choose, without waiting for the approval of the Security Council. The progressive transfer of governmental functions from Great Britain to the provisional councils and the joint economic board was refused on the ground that such transfer "under a scheme of partition would in practice amount to the implementation of this scheme by [Great Britain] which, failing Arab-Jewish agreement, they are not prepared to undertake."

The revisions necessitated by this statement were made by the subcommittee on November 21. The section dealing with termination of the mandate was altered to eliminate consultation with the Commission and approval of the Security Council, and stated simply: "The mandate for Palestine shall terminate as soon as possible but in any case not later than 1 August 1948." On the transfer of authority, the revised plan provided that the administration of Palestine should be "progressively turned over to the Commission," which in turn would transfer responsibility progressively to the provisional councils of the two states. No other major changes were made.

When the Ad Hoc Committee began final debate on November 22 on the plans presented by the two subcommittees, the United States representative, Herschel Johnson, spoke strongly in favor of the plan for partition. He said in part:

> "... It was essential to find some plan of implementation which would make possible the utilization of the experience of the mandatory power and its presence in Palestine and its present responsibility without involving the mandatory power in responsibility for implementing a plan which, according to its own words, 'does not have the approval of both of the two principal parties concerned.' Taken in a literal sense, that condition was one impossible to fulfill. ...
>
> "I ... disagree with an inference ... that under the plan proposed by Subcommittee I the mandatory power is being given the sole

responsibility for implementation. I don't agree with that as a conclusion. It was that situation which the Subcommittee I, with very desultory assistance from the mandatory power, endeavored strenuously to avoid. ...

"The situation ... was not contemplated in the Charter of the United Nations. It is a responsibility which falls squarely on the United Nations ... because of a unilateral declaration on the part of the mandatory power that they were relinquishing their responsibility and requested the United Nations to make recommendations for solution of the problem. ...

"Because of this background my delegation is inclined to believe that such legal objections to the action of the General Assembly as may be raised are formal in character and do not seriously affect the substance of what is proposed. My delegation will support and vote for the partition plan recommended to this committee. ...

"... It is too much to hope that there will be unanimity or anything approaching unanimity in the final decision of the General Assembly. But my delegation fervently hopes that the General Assembly will approve this plan by as large a majority as possible and that all members will cooperate loyally in giving it full effect and implementation. ...

"I do not wish to take any more time of the committee, Mr. President, except to voice again the deep belief of my delegation that this partition plan with all its imperfections offers the most practicable and the most just present solution of the Palestine problem. And we hope that those who have doubts will not be deterred from taking a stand because the Assembly's committees have not been able to attain an impossible perfection."

On November 24 the Committee rejected the proposals of the second subcommittee which proposed to seek opinions from the International Court of Justice and the resolution to establish a single independent state. On the 25th the proposal to partition Palestine was approved, with two amendments. One of these left the composition of the United Nations Commission, which would supervise Palestine during the transitional period, to the General Assembly. The second amendment requested the Security Council, if circumstances required, to take measures not involving armed force to empower the commission to exercise its functions in Palestine.

Voting on the resolution in the General Assembly was twice postponed. The second postponement came on November 28, just as balloting was about to begin, when the French representative proposed a 24-hour recess to allow the Arab delegates to present a compromise plan hinted at in references by Pakistan and Iraq to the need for "conciliation." When the proposal was offered on the following day, it proved to be a plan for a federal government, which the United States representative characterized as merely a revision of the minority plan of the Special Committee on Palestine.

The final Assembly decision on partition on the 29th gave approval to the plan by a vote of 33 to 13, with 10 abstentions and 1 absence. The

delegates of the Arab League states immediately left the Assembly Hall. Iraq, Saudi Arabia, Syria, and Yemen announced that they would not be bound by the decision. The President of the Assembly named Bolivia, Czechoslovakia, Denmark, Panama, and the Philippines to compose the transitional Palestine Commission--a proposal approved without opposition. The British representative spoke briefly following the approval of the partition plan, requesting the new Commission to contact Great Britain concerning the date of its arrival in Palestine, and in connection with details on the evacuation of British personnel.

The Palestine Arab Higher Committee met on the 30th and adopted a series of resolutions which rejected the partition decision, called for a complete boycott of the Jews, and declared a general strike for December 2-4, with mass meetings scheduled for the 5th. Disorders in Palestine on the 30th had brought death to seven Jews. On the same day, a Syrian mob broke into the American Legation at Damascus, tore down an American flag, and set fire to Legation automobiles in protest against the partition decision.

4. South-West Africa

Action in the General Assembly

On November 1 the General Assembly adopted (41-10, with 4 abstentions) a revised version of the resolution concerning South-West Africa which had been submitted by the Trusteeship Committee. After lengthy debate the Assembly agreed to a Danish amendment which deleted the declaration that it was the "clear intention" of the Charter that mandated territories be placed under international trusteeship. The amendment also changed the wording of the section urging the Union of South Africa to propose a trusteeship agreement "for the consideration of the General Assembly at its third session" to one urging proposal of an agreement and expressing "the hope that the Union Government may find it possible to do so in time to enable the General Assembly to consider the agreement at its third session."

5. Nauru

Approval of Trusteeship Agreement

The trusteeship agreement for Nauru, submitted by Australia, New Zealand, and the United Kingdom jointly, and naming Australia to administer the territory, was approved on November 1 in the General Assembly by a vote of 46 to 6, with 1 abstention. The Soviet Union opposed the agreement on the same grounds on which it had expressed opposition in the Trusteeship Committee--that there had been no definition of the "states directly concerned" mentioned in Article 79 of the Charter, and that the agreement also violated Article 83.

C. PROPAGANDIST ACTIVITIES

1. War-Mongering Resolutions in the General Assembly

Action on Soviet Proposals

The General Assembly on November 3 (without a dissenting vote) adopted an Australian-French-Canadian compromise resolution on war-mongering presented to it by the Political and Security Committee during October. The Soviet Union regarded this resolution as a "half way measure" but voted in its favor because the delegation considered the condemnation of war propaganda as the "fundamental, most important, and primary task" at this meeting of the Assembly. The resolution declared:

"THE GENERAL ASSEMBLY

"(1) CONDEMNS all forms of propaganda, in whatsoever country conducted, which is either designed or likely to provoke or encourage any threat to the peace, breach of the peace, or act of aggression;

"(2) REQUESTS the government of each member to take appropriate steps within its constitutional limits:

"(a) To promote, by all means of publicity and propaganda available to them friendly relations among nations based upon the principles of the Charter;

"(b) To encourage the dissemination of all information designed to give expression to the undoubted desire of all peoples for peace;

"(3) DIRECTS that this resolution be communicated to the forthcoming Conference on Freedom of Information."

Action on Yugoslav Proposal

The General Assembly accepted, on November 15, the anti-slander resolution presented by France, following rejection of a more strongly-worded Yugoslav draft (introduced during October) by the Social, Humanitarian and Cultural Committee. Sava N. Kosanovitch, chief of the Yugoslav delegation, said that "in the interests of unanimity" his country had decided to support the compromise French resolution, which covered the same ground "to a large extent." The text of the resolution as adopted invited the Governments of states members:

"(1) To study such measures as might with advantage be taken on the national plane to combat, within the limits of constitutional procedures, the diffusion of false or distorted reports likely to injure friendly relations between states;

"(2) To submit reports on this subject to the Conference on Freedom of Information so as to provide the conference with the data it requires to enable it to start its work immediately on a concrete basis... ."

IV. SECURITY PROBLEMS

A. ORGANIZATION OF A SYSTEM OF COLLECTIVE SECURITY

Conclusion of Second Regular Session of the General Assembly

The second regular session of the United Nations General Assembly, which convened on September 16, finally adjourned in New York on November 29. But official note had already been taken more than ten days previously of the public pessimism that was arising as a result of the Assembly's activities. Secretary of State Marshall, in his speech at Chicago on November 18, had said:

> "...I am not pessimistic regarding the progress made by the United Nations during the recent Assembly meeting. The fact that the world has a forum for full debate is in itself a hopeful portent for the future. The fact that debates have sometimes included more of vituperation and of diatribe than of logic or adherence to the facts was unfortunate, but in the long run, I think, merely incidental, and an always present possibility in any democratic debate. The organization did pass through a serious struggle, but I think it emerged without loss of potential strength."

By the time the Assembly adjourned its eleven-week session, action had been taken, in one fashion or another, on all items which appeared on the Assembly's agenda. In all, the Assembly held 49 plenary sessions, 455 meetings of its committees and sub-committees took place, and it adopted 95 resolutions.

Among the most important from the political standpoint of the problems with which the Assembly dealt were the Greek situation, Korea and Palestine, and the final action taken in November with respect to the latter two, as well as many of the other questions on the Assembly's agenda, are covered in other appropriate sections of this Summary. Final action with respect to the proposed Interim Committee and the proposed modification of the veto--two other important problems--are dealt with below.

During November, the Assembly also succeeded in breaking the deadlock that had occurred over elections to two of its councils. On the 13th the Assembly selected Ukraine by a vote of 35 to 2 (with 15 abstaining, 3 absent and 2 votes invalid) to fill the position on the Security Council being vacated by Poland, after India had decided to withdraw from the contest. On the same day, the Assembly elected the Philippines and Costa Rica to fill two vacancies on the Trusteeship Council.

Before the Assembly adjourned, it agreed to hold its third regular session, opening on September 21, 1948, in Europe with a special committee named to select the exact city after consultation with the Secretary General. But it also agreed to the general plan and design for the permanent headquarters for the Organization, to be located in New York City and costing an estimated $65,000,000.

1. Modification of the Veto Provisions

Referral of Problem to Interim Committee

The Political and Security Committee of the Assembly began consideration of the use of the veto by the permanent members of the Security Council on November 17. The main discussion centered around a United States resolution proposing that the newly established Interim Committee (the so-called Little Assembly) examine the problem, consult with any committee that the Security Council might set up on the question, and report to the General Assembly by July 15, 1948.

In introducing the resolution John Foster Dulles emphasized that there was no intention to destroy the "rule of unanimity" but that it seemed desirable to restrict it to measures encompassed by Chapter VII of the Charter--those dealing with threats to the peace--while moderating it in cases under Chapter VI--pacific settlement of disputes--and in cases of an administrative nature, such as the admission of new members. The use which had been made of the veto had created in the public mind a feeling of disappointment in the Council, he said, and added that the United States realized that no amendment of the Charter could be effected without the agreement of the five permanent members, so that the Assembly would have to act very cautiously. Dulles held that the present voting procedure could undoubtedly be made more flexible in many ways without modifying the voting rules containing the veto provision, and that, in any event, many aspects of this procedure should be maintained.

There was general agreement among the majority of the members on the United States proposals, with the exception of the Soviet Union and members of the Soviet bloc who expressed strong opposition--arguing that the Interim Committee was a violation of the Charter and that they would take no part in its proceedings. Dulles offered to refer the problem to an ad hoc committee rather than to the Interim Committee, but the Soviet Union declared that idea was just as unacceptable. The Soviet group charged also that the United States was endeavoring to control the Security Council, and that there were implications that many nations mechanically followed the lead of the United States. They declared that their (Soviet) use of the veto had been in defense of the interests of small nations against the dictatorship of the majority.

The final vote on the resolution in the Political and Security Committee on November 19 showed 36 for, 6 against, and 11 abstentions. Only the Soviet bloc voted in the negative, while the abstentions included Arab and Latin American countries. The General Assembly, two days later, adopted the proposal by an almost identical vote--38 to 6, with 11 abstentions--after the Soviet Union had made another long attack on any attempt to modify the use of the veto.

Assembly Action on Membership

The Political and Security Committee began a general discussion on November 7 of a large number of resolutions offered in an effort to deal with the problem of nations which had applied for membership in the

United Nations and had been rejected by the Security Council. There was particular displeasure in the case of countries which had obtained the necessary seven affirmative votes from the Council but had been vetoed by the Soviet Union. Some speakers expressed the belief that a favorable recommendation from the Security Council was not necessary in order that the Assembly might accept new members. Others thought that a favorable majority in the Council should be sufficient and that the veto should not be operative on applications for membership.

During the course of the debate the United States, Great Britain, and France offered to relinquish their veto rights in the Security Council in regard to the admission of new members. The proposal was attacked by the Soviet Union as "nothing but an empty phrase," with the added assertion that the United States had at its disposal a majority of the votes in both the Security Council and the General Assembly, so that if the Soviet Union were to waive the veto right, the countries favored by the United States would be admitted and those favored by the Soviet Union would be excluded.

The Political and Security Committee, voting on the 10th, approved eight resolutions. Five of these--referring individually to Ireland, Portugal, Trans-Jordan, Italy, and Finland--noted that nine members of the Security Council had supported a resolution recommending admission to the United Nations, but that no recommendation was made to the Assembly because of the opposition of one permanent member, and that the opposition was "based on grounds not included in Article 4 of the Charter." The resolutions then declared each nation to be "a peace-loving State within the meaning of Article 4 of the Charter, ... able and willing to carry out the obligations of the Charter, and should therefore be admitted to membership in the United Nations," and requested the Security Council to reconsider the applications. A similar resolution concerning Austria was also approved. Another resolution which gained approval was one submitted by Poland recommending that the permanent members of the Security Council consult in an effort to reach agreement on membership applications. The eighth resolution approved by the Committee was a Belgian proposal requesting the International Court of Justice to give an advisory opinion as to whether a member nation, voting on an admission to membership, could "make its consent to the admission dependent on conditions not expressly provided by paragraph 1 of [Article 4 of the Charter]. In particular, can such a Member, while it recognizes the conditions set forth in that provision to be fulfilled by the State concerned, subject its affirmative vote to the additional condition that other States be admitted to membership in the United Nations together with that State?"

When the General Assembly considered the eight resolutions on the 17th, all were approved by overwhelming majorities, with India and Ethiopia joining the Soviet bloc in the negative vote.

In a short meeting on November 22 the Security Council received the Assembly resolutions requesting reconsideration of the membership applications. When the Soviet delegate declared that his delegation's attitude had not changed, the Council decided to postpone consideration of the applications until the five permanent members should consult on further procedure.

2. Establishment of an Interim Committee of the General Assembly

Final Action of General Assembly

The Political and Security Committee devoted November 5 and 6 to consideration of the proposal to establish an Interim Committee following its revision by a subcommittee during the latter part of October. Soviet Deputy Foreign Minister Vyshinsky made a lengthy attack on the proposal, arguing that the Interim Committee would be "flagrant breach of the Charter" and that it was intended to by-pass the Security Council where the Soviet Union possessed the power of veto. The United States denied the charge of a "plot to kill the Security Council," characterizing the resolution as a measure designed "simply to enable the General Assembly to do its duty" and put forward "with every hope that the Security Council also will do its duty and discharge its equally important tasks under the Charter."

When the proposal was put to a vote on the 6th, there were 43 affirmative votes, the 6 members of the Soviet bloc were in opposition, and the 6 Arab League states abstained. Following approval of the resolution, Vyshinsky announced that the Soviet Union would not take part in the Interim Committee since its establishment was a violation of the Charter. The five states in the Soviet bloc--Poland, Czechoslovakia, Yugoslavia, the Ukraine, and White Russia--declared that they also would boycott the Committee. After the Political and Security Committee had adjourned, United States delegate John Foster Dulles made the following statement:

> "Adoption of the United States proposal for an Interim Committee, or the so-called 'Little Assembly,' will be the most important United Nations development since San Francisco. It will multiply the capacity of the General Assembly to serve the cause of peace and security.
>
> "In a world which is troubled, the Assembly cannot do its duty by working two months out of twelve. Under the new plan, work in this field can go forward throughout the year and make it more likely that Assembly recommendations will be wise and timely and entitled to the support of world opinion.
>
> "It is to be hoped that the Slav states will reconsider their position and sit on the Interim Committee."

A further attack against the Interim Committee was made by the Soviet Union and the Slav states on the 10th in the Administrative and Budgetary Committee, where they unsuccessfully opposed the allocation of funds for the group.

On November 13 the General Assembly adopted the resolution establishing the Interim Committee. Again the opposing votes were those of the Soviet bloc, while the members of the Arab League abstained. The resolution, as finally approved, set up an Interim Committee--with each member of the Assembly having the right to appoint a representative. The Committee was charged with the following duties:

To study and report to the Assembly on matters referred to the Committee by the Assembly.

To consider and report to the Assembly on any dispute or situation proposed for inclusion in the Assembly's agenda or referred to the Assembly by the Security Council—provided two-thirds of the members considered that the matter was sufficiently important and required preliminary study.

To consider and report on methods to give effect to the parts of the Charter dealing with the general principles of cooperation in the maintenance of international peace and security, and with the promotion of international cooperation in the political field.

To advise the Secretary-General if it considered a special session of the Assembly necessary.

To conduct investigations and appoint commissions of inquiry "within the scope of its duties."

To report to the next session of the Assembly on the advisability of establishing a permanent committee to perform such duties.

It was specified that the Interim Committee was not to consider any matter included in the agenda of the Security Council. The new body is to be convened by the Secretary General not later than six weeks following the close of the General Assembly.

3. The International Control of Atomic Energy

Soviet Claims on Atom "Secret"

In the course of a major foreign policy speech on November 6, the eve of the thirtieth anniversary of the 1917 revolution, Soviet Foreign Minister Molotov stated (underscoring supplied):

> "It is interesting that in expansionists circles of the U.S.A. a new, peculiar sort of illusion is widespread—while having no faith in their internal strength—faith is placed in the secret of the atom bomb, although this secret has long ceased to exist."

This statement caused something of a sensation since it was widely interpreted in the press to mean that the Soviet Union had learned the technique of making atomic bombs. Official feeling in the United States and Great Britain, however, was that the Soviet Union had not commenced the production of atomic bombs. As expressed by a member of the United States Atomic Energy Commission, if one possessed a wrist watch, one had the "secret" of making it—but that was a long way from converting one into a watchmaker.

Anglo-Canadian-American Conference

Representatives of the United States, Canada, and Great Britain met in Washington on November 14 for a three-day conference on atomic energy

information. An announcement by the United States Atomic Energy Commission said that "the discussions [would] be limited to those fields of information shared by the three participating countries as a result of their combined wartime efforts in the development of atomic energy." The conference was to consider the problem of uniform policies for the declassification and release of atomic information, as well as "maintaining maximum security of information."

Lilienthal Speech

David E. Lilienthal, Chairman of the United States Atomic Energy Commission, in a speech on November 28 to the American Education Fellowship, urged a nationwide program of education in "the basic facts and the essential meaning of atomic energy" in order to preserve democracy. He said in part:

> "There is nothing in the nature of atomic energy, nor in the necessary requirements of secrecy in certain areas of knowledge that prevents the people as a whole from exercising their historic role of judging what shall be the course of public policy.
>
> "It is my opinion that the American people are quite capable of becoming familiar with the essential facts, and of acquiring a sense of their meaning in terms of the course of the Republic.
>
> "Whether I am right or not turns upon the whole process of education, which has long been a special talent and almost a passion of this people, and which remains our greatest 'secret' weapon. ..."

He mentioned two illusions that "increase the danger of default by the American people, default in the process of self-education that is at the root of self-government." The first illusion was that atomic energy was "too hopelessly technical and complicated" for the average man to understand, and the second was that the whole subject was "a closely held military secret." He continued:

> "Both are quite erroneous. The starting point in atomic education is an understanding that the life and future of every human being is inextricably woven into the fabric of atomic energy and the manner in which it shall be used. ...
>
> "The plain fact is that unless the American people as a whole do become informed, so that they can chart the course of their own destiny in the atomic age, then democracy in its very essentials is doomed to perish, to perish not by the action of a foreign foe, but by default, by our own hands, by the hands of those who love it."

4. Regulation of Conventional Armaments

United States Policy Statement

Speaking on November 6 to the Working Committee of the United Nations Commission for Conventional Armaments, the United States representative, former Under Secretary of the Navy Ralph A. Bard, said in part:

"... It is the view of my Government that at present the three most necessary accomplishments which would indicate the approach of world security are first, the agreement on a United Nations armed force under Article 43 of the Charter; second, the establishment of an international control for atomic energy; and third, the signing of the peace treaties with Germany and Japan. ...

"It has been suggested by some delegations that certain interim measures in the armaments field might be possible, which in themselves might serve to augment the feeling of peace and security in the world. It is important of course to consider any such proposals at the proper stage of our discussions. Their implementation, however, presents considerations which require careful study. ...

"To state that disarmament is the road to peace is oversimplifying the problem. It is not reasonable to suppose that any nation will substantially reduce the instruments by which it exercises its individual power and protects its sovereignty until some equally effective, or preferably more effective, instrument is present in the world to provide its citizens with the protection necessary to insure their right to 'life, liberty and the pursuit of happiness.'

"What, therefore, is delaying the regulation and reduction of armaments? It is simply the delay in achieving the political conditions of collective security in the world. The majority of the nations represented in the United Nations seem to be able to come to an agreement on most of the issues necessary to achieve this end. A small minority, however, through its lack of cooperation and negative contributions to the commissions and committees on the United Nations, is clearly responsible for any delays in the development and implementation of a plan for the regulation and reduction of armaments. Lip service to the cause of disarmament in General Assembly debates is no substitute for constructive action. Let us have a vigorous attack on the basic problems. Let us implement Article 43 of the Charter, establish international control over atomic energy, and sign the peace treaties with Germany and Japan. These measures are favored by the great majority of the member nations and their accomplishment will clear the road for a rapid and constructive program of the regulation and reduction of armaments and armed forces."

B. OTHER ASPECTS OF UNITED STATES MILITARY SECURITY

1. Strategic Raw Materials

Herter Report

In a report made public on November 23, the Herter Committee recommended that European nations benefiting from American aid should be asked to make at least partial repayment by giving the United States access to strategic materials. Pointing out that the European Recovery Program "cannot but put a drain upon our resources to the degree that domestic minerals are going into these exports," they suggested that "a systematic review of world resources on this basis would produce astonishing results

in terms of possibilities of repayment." They cited in particular the iron deposits of Labrador, British oil holdings in Venezuela, and nickel and chrome deposits in the French colony of New Caledonia.

2. Military Bases

Official Soviet Views

Soviet Foreign Minister Molotov, in his major foreign policy speech in Moscow on November 6, also took the occasion to give the official views on American and British proposals for military bases in various parts of the world. Repeating an old charge that the "ruling circles" in the United States harbored "aggressive military-political plans of American imperialism," Molotov went on to declare:

> "Now they no longer hide the fact that the United States of America, not infrequently together with Great Britain, is acquiring ever new naval and air bases in all parts of the globe, and even adapts whole states for such like aims, especially if closely situated to the Soviet Union.
>
> "Who does not complain about the pressure of American imperialism in that respect? Even if the governments of certain big states of Europe, Asia and America preserve a kind of solid silence in regard to this matter, it is clear that certain small states are faced by an absolutely intolerable position. Denmark, for instance, cannot achieve the restoration of her national sovereignty over Greenland, which the Americans do not want to leave after the end of the war. Egypt legitimately demands the withdrawal of British troops from her territory. Britain refuses to do that, and America supports the British imperialists in these matters also.
>
> "It is, however, clear that the creation of military bases in various parts of the world is not designed for defense purposes, but as a preparation for aggression. It is also clear that if, up to now, the combined British-American General Staff, created during the second World War, has been maintained, this is not being done for peace-loving purposes, but for the purpose of intimidating with the possibility of new aggression. ..."

APPENDIX

LIST OF SELECTED DOCUMENTS

The documents listed in this Appendix are the more important ones issued during November bearing primarily on the developments recorded in this Summary. The list, which generally follows the arrangement of headings in the Summary, has been largely restricted to materials of an official nature, and limitations of space have made it necessary to choose only a very few of the principal items. For additional reference purposes, full texts or excerpts can usually be found in various newspapers or periodicals.

GENERAL

Speech by Soviet Foreign Secretary Molotov--"The Task of our Time," November 6, 1947, New York Times, November 7, 1947.

President Truman's Address before Congress on Interim Aid and a Program to Curb Inflation, November 17, 1947, House Document No. 430, Washington, U. S. Government Printing Office, 1947.

Address by Secretary Marshall on United States Policy in Europe, November 18, 1947, Department of State Press Release No. 913, November 18, 1947.

PROBLEMS OF THE PEACE SETTLEMENTS

Future Status of Germany--Note presented by Belgium, the Netherlands, and Luxembourg to Council of Foreign Ministers, November 26, 1947, Press Release, The Netherlands Information Bureau, New York, November 26, 1947.

Secretary Marshall's Statement on German Frontiers before Council of Foreign Ministers, November 27, 1947, Department of State Press Release No. 935, November 28, 1947.

United States Resolution on Korea as amended and adopted by General Assembly, November 14, 1947, United Nations Document A/447, November 6, 1947, p.5.

ECONOMIC AND SOCIAL PROBLEMS

The Impact of Foreign Aid upon the Domestic Economy (Report to the President by the Council of Economic Advisers; Edwin Nourse, Chairman), Washington, D. C., 1947, 112 pp.

European Recovery and American Aid (A Report by the President's Committee on Foreign Aid; W. Averell Harriman, Chairman), November 7, 1947, Washington, U. S. Government Printing Office, 1947, 286 pp.

Statement by Secretary Marshall on Effects on World Economy of Long-Range and Interim Aid Programs (before joint session of Senate Committee on Foreign Relations and House Committee on Foreign Affairs on November 10, 1947), The Department of State Bulletin, Vol. XVII, No. 438, November 23, 1947, pp. 967-972.

Preliminary Reports 1 to 7 of House Select Committee on Foreign Aid (Herter Committee): The Italian Crisis and Interim Aid, 14 pp.; The French Crisis and Interim Aid, 20 pp.; Grain Requirements and Availabilities, 10 pp.; Fertilizer Requirements and Availabilities, 10 pp.; Petroleum Requirements and Availabilities, 8 pp.; United States Steel Requirements and Availabilities, 13 pp.; Coal Requirements and Availabilities, 12 pp., November 12, 1947. Washington, U. S. Government Printing Office, 1947.

General Agreement on Tariffs and Trade, Vols. I-IV, October 30, 1947. United Nations Publications, Sales No. 1947.11.10, Vols. I-IV.

Analysis of General Agreement on Tariffs and Trade, Department of State Publication 2983, Commercial Policy Series 109, Released November 1947, Washington, U. S. Government Printing Office, 206 pp.

Displaced Persons and the International Refugee Organization, Report of a Special Subcommittee of the Committee on Foreign Affairs, Washington, U. S. Government Printing Office, 1947, 88 pp.

POLITICAL PROBLEMS

1st Report to Congress on Assistance to Greece and Turkey for the Period Ended September 30, 1947. Publication 2957, Near Eastern Series 11, Washington, U. S. Government Printing Office, 1947, 53 pp.

Report of the Ad Hoc Committee on the Palestinian Question, United Nations Document A/516, November 25, 1947, 23 pp.

Resolution on Slanderous Information as adopted by General Assembly, United Nations Document A/P.V.115, November 15, 1947, pp.56-60.

Resolution on Measures to be taken against Propaganda and the Inciters of a New War as adopted by General Assembly, United Nations Document A/P.V.108, November 3, 1947, p. 133.

SECURITY PROBLEMS

Resolution referring Question of the Veto to the Interim Committee as adopted by the General Assembly, United Nations Document A/501, November 20, 1947, p. 3.

Resolution on Establishment of an Interim Committee of the General Assembly as adopted by the General Assembly, United Nations Document A/C.1/240, November 4, 1947, pp. 11-12.

Resolutions on Admission of New Members as adopted by the General Assembly, United Nations Document A/471, November 12, 1947, pp.5-8.